

ROCKWALL INDEPENDENT SCHOOL DISTRICT ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE YEAR ENDED JUNE 30, 2022

1050 Williams St. Rockwall, Texas 75087



Rockwall

INDEPENDENT SCHOOL DISTRICT

Rockwall Independent School District

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022

Prepared by
Rockwall ISD Finance Department
Rockwall, Texas



Rockwall
INDEPENDENT SCHOOL DISTRICT

Rockwall Independent School District
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022
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Rockwall

INDEPENDENT SCHOOL DISTRICT

Certificate of Board

Rockwall Independent School District
Name of School District

Rockwall
County

199-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved disapproved for the fiscal year ended June 30, 2022 at a meeting of the Board of Trustees of such school district on the 17th day of October, 2022.



Signature of Board Secretary



Signature of Board President

If the Board of Trustees disapproved of the auditors' report, the reason(s) for disapproving it is (are):



Rockwall

INDEPENDENT SCHOOL DISTRICT

Introductory Section



Rockwall

INDEPENDENT SCHOOL DISTRICT



Rockwall

INDEPENDENT SCHOOL DISTRICT

October 12, 2022

Board of School Trustees
Rockwall Independent School District
1050 Williams Street
Rockwall, Texas 75087

Members of the Board of Trustees and Citizens of Rockwall Independent School District:

The Annual Comprehensive Financial Report (ACFR) of the Rockwall Independent School District (District) for the year ended June 30, 2022, is submitted herewith. This report was prepared by the District's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and the results of operations of the District as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. This report includes all funds of the District. The District discusses in greater detail its financial position in the narrative, introduction, overview and analysis sections of the Management's Discussion and Analysis (MD&A).

The ACFR for the year ended June 30, 2022 is presented in conformance with the reporting model adopted by the Governmental Accounting Standards Board ("GASB") in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999.

GOVERNANCE

The governance of the District is overseen by a seven-member board of trustees (Board) that are elected by the citizens. Each member is elected to a three-year term. Terms are staggered, so that not all positions are voted on during the same year. See page xv for a listing of the present members of the Board along with the administrative officials who are appointed by the Board.

Regular action meetings are scheduled the third Monday of the month and are held in the District's Administration Building. Regular work sessions are scheduled the first Monday of the month and are also held at the District's Administration Building. Special meetings are scheduled as needed and announced in compliance with public notice requirements.

The Board has final control over local school matters limited only by the state legislature, by the courts and by the will of the people as expressed in School Board elections. Board decisions are based on a majority vote of a quorum of the Board.

DEPARTMENT OF FINANCE AND OPERATIONS

1050 Williams Street • Rockwall, Texas 75087 • 469-698-7000 • www.rockwallisd.com

In general, the Board adopts policies, sets direction for curriculum, employs the superintendent and oversees the operations of the District and its schools. Besides general Board business, trustees are charged with numerous statutory regulations, including appointing the tax assessor/collector, calling trustee and other school elections and canvassing the results, organizing the Board and electing its officers. The Board is also responsible for setting the tax rate, setting salary schedules, and acting as a board of appeals in personnel and student matters, confirming recommendations for textbook adoptions, and adopting and amending the annual budget. Since members of the Board are elected by the public and have the authority to make decisions, significantly influence operations, appoint administrators, and have primary accountability for fiscal matters, the District is not included in any other governmental "reporting entity" as defined in GASB Statement No. 14 and as amended by GASB Statements No. 39 and No. 61. Also there are no component units for which the District or the Board are financially accountable.

The Board solicits and evaluates community input and support concerning school policies.

MISSION AND BELIEFS

Rockwall ISD empowers learners to embody independence, value relationships and achieve excellence as thriving members of a dynamic global community.

To accomplish its mission, the District provides a full range of educational services appropriate to grade levels ranging from pre-kindergarten through grade 12. These include regular and enriched academic education, special education for the handicapped, career education and special programs for those with limited English proficiency. These programs are supplemented by a wide variety of co-curricular offerings, including those in fine arts and athletics. The District's curriculum is well-defined for the purpose of preparing students early for college readiness. The participation rate of RISD students in Advanced Placement programs ranks among the highest in the state and nation. RISD participates in the International Baccalaureate program which provides additional high quality educational program choices for RISD high school students. RISD students' performance on these exams gives them a competitive edge for college admission and college success.

As reflected in the District's mission and belief statements, activities of the District focus on learning opportunities for students. The District is providing educational services to more than 17,000 students in state of the art facilities that include an early childhood center for prekindergarten age students, 16 elementary schools, three middle schools, two high schools, a college and career academy, and two special program centers.

ECONOMIC CONDITIONS AND OUTLOOK

Rockwall Independent School District is a political subdivision of the State of Texas located in Rockwall County. The District, founded in 1841, is located in Rockwall and has experienced rapid growth since the 1970's. The City of Rockwall enjoys easy access to major transportation and shipping hubs in air, rail and trucking to any destination in the United States. The combined effects of increases in population, income, employment and residential growth have ensured continued growth in the District, especially during the past ten years during which enrollment has increased over 13%. Demographers project that the District will continue to grow at an average rate of 2.7 percent per year over the next 10 years. Rockwall ISD experienced a 5.5% growth rate for the 2021-2022 school year compared to an average 1.7% by other districts in the DFW area following the COVID19 Pandemic. The long-term forecast sees a robust new home market in Rockwall ISD, with 65 actively building subdivisions and 31 future subdivisions encompassing over 5,400 new lots.

Voters approved a bond referendum of \$475,845,000 on November 2, 2021. This bond allows for two new 9th grade campuses, a middle school, a replacement elementary school, additional classroom space for 6th graders at existing middle schools that expands capacity and frees up space at elementary schools, basic maintenance, and modern security.

The bond also provides for new buses to maintain a safe and modern fleet and funds to update technology and wifi connectivity for classrooms. The District issued Series 2022 Bonds in February 2022 comprised of \$75 million of 2021 authorization and the remaining \$18 million of 2015 authorization bonds. The 2015 authorized bond projects are substantially complete. Therefore, the remaining \$18 million bond proceeds will be utilized for additional Board approved projects.

In addition to the Bond Program Projects, the District has a Facility Improvement Program overseen by the District Facilities Construction Committee through which facility upgrades such as flooring, painting, fencing, etc are recommended to ensure facilities remain up to date. These improvements are funded through the General Operating Fund.

Much of the District's planning effort is focused on the District's Improvement Plan. The plan demonstrates the commitment to increase student achievement for all students. Campus Improvement Plans, which work in concert with the District's plan, address specific needs of students at individual campuses. The District and Campus Improvement Plans include annual goals for improving student achievement and objective evaluation criteria for measuring success. In addition, the District adopted a new Strategic Plan in 2018, which identifies the District's Beliefs, Learner Outcomes and Profiles as well as Eight Goals for the next 10 years. Rockwall ISD's Core Values are Relationships, Innovation, and Excellence.

2021-2022 Budget and Tax Rate

The Board of Trustees is required to adopt a final budget by no later than the close of the fiscal year, June 30. Annual budgets for the General Operating Fund, Debt Service Fund and Food Service Fund were adopted by the Board of Trustees on June 20, 2022. The budget is prepared by fund and function. Site based decisions are made throughout the year as campuses and departments manage their budgets. Budget transfers between functions; however, require approval from the Board of Trustees. The District operates a tightly controlled budget in all areas of operation while maintaining a high quality educational program.

As part of the implementation of House Bill 3 from the 86th Legislative Session, for Texas ISDs the Maximum Compressed Rate (MCR) portion of the M&O tax rate is calculated by reducing the prior year's MCR (\$0.8536) by an amount equal to the excess of current year property tax value growth above 2.5% from the prior year's total values. For Rockwall ISD, the new MCR is calculated at $\$0.8536 \times (1.025 \div 1.0217) = \0.7189 . However, as part of House Bill 3, all Texas school district's maintenance and operations tax rates are required to be within a 10% range. Therefore, each year the Texas Education Agency calculates a MCR "floor" which no school district can adopt below and still receive their full state revenue entitlement. For the 2022-2023 fiscal year, the MCR floor calculated for all Texas school districts is \$0.8046. Therefore, the MCR for Rockwall ISD cannot be below \$0.8046 for 2022-2023. Lastly, Texas ISD's have the ability to access five additional pennies providing for Tier 2 funding. On August 15, 2022, the District adopted a M&O tax rate of \$0.8546 (MCR \$0.8046 + Tier 2 pennies \$0.05 = \$0.8546) and an I&S rate of \$0.36. The \$0.36 I&S rate will generate enough revenue to cover the District's interest and debt obligations even in light of increase debt outstanding.

For additional information about the financial status of the District, readers should refer to Management's Discussion and Analysis section of this report.

OTHER INFORMATION

Internal Controls

An internal control structure that has been designed, managed and maintained by the District is in place to ensure the District's assets are protected from loss, theft and misuse, and to ensure that accurate accounting data is compiled in the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The cost of a control should not exceed the benefits to be derived therefore internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

Independent Audit

State law and District policy require an annual audit of the accounts and financial records of the District by independent certified public accountants selected by the Board of Trustees. Weaver has issued an unmodified opinion on the financial statements of Rockwall Independent School District for the fiscal year ended June 30, 2022. The independent auditor's report has been included in this report at the front of the financial section.

Awards

In 1999, the 76th Texas Legislature, approved legislation requiring the commissioner of education in consultation with the comptroller of public accounts to develop a rating system for school district financial accountability. The 77th Texas Legislature in 2001 subsequently adopted rules for the implementation and administration of the financial accountability rating system known as School FIRST, Financial Integrity Rating System of Texas. The financial accountability rating system benefits the public by having in place a system to ensure that school districts will be held accountable for the quality of their financial management practices and achieve improved performance in the management of their financial resources. Rockwall Independent School District has received a Superior Achievement rating since the implementation of the rating system in the 2001-02 year.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials (ASBO) awarded the Certificate of Excellence in Financial Reporting to Rockwall Independent School District for its Annual Comprehensive Financial Report for the fiscal period ended June 30, 2020.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements. We are submitting the current report for the fiscal year ended June 30, 2022 to GFOA and ASBO to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation.

We also wish to thank the members of the Board of Trustees for their continued leadership and support and for planning and conducting the financial operations of the District in a responsible and progressive manner.



Dr. John Villarreal
Superintendent



David Carter, CPA
Senior Chief Financial Officer

Rockwall Independent School District

List of Principal Officials

June 30, 2022

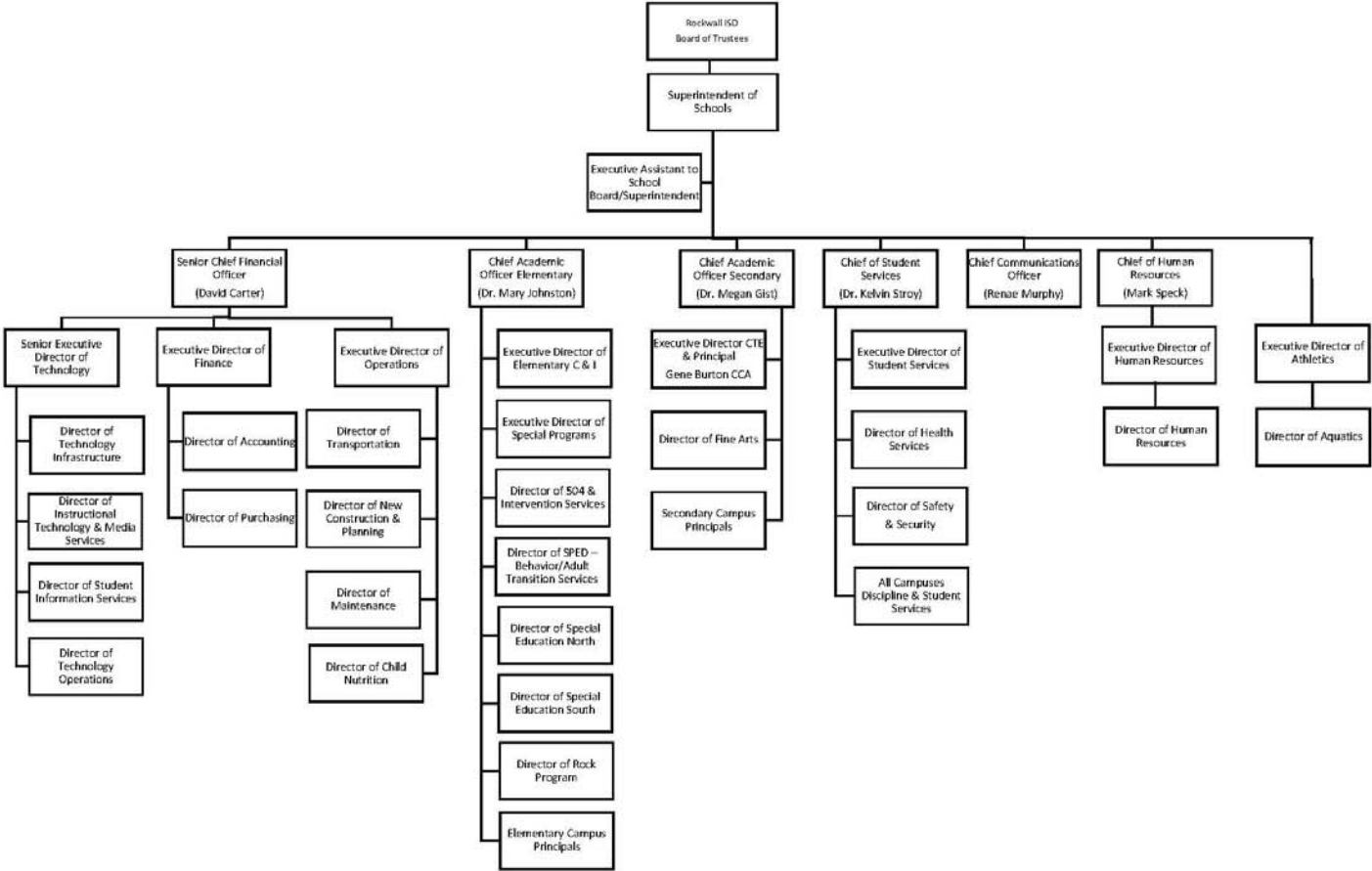
Name	Term Expires	<u>Board of Trustees</u>	
		Years of Service	Occupation
Linda Mitchell Duran President	May 2024	10 years	Consultant/Retired Teacher
Amy Hilton Vice President	May 2023	2 Years	Certified Public Accountant
Jim White Secretary	May 2025	10 Years	Sales Consultant
Frank Conselman Trustee	May 2024	2 Years	Business Owner
Stephanie Adams Trustee	May 2023	11 Years	Realtor
Sherry Packer Trustee	May 2024	2 Years	Retired Educator
Stan Britton Trustee	May 2025	1 Year	Realtor

Name	<u>Administrative Officials</u>	
	Position	Length of District Service
Dr. John Villarreal	Superintendent *total school district experience 29 years	6 Years*
David Carter	Senior Chief Financial Officer *total school district experience 14 years	5 Years*
Mark Speck	Chief Human Resources Officer *total school district experience 39 years	11 Years*
Dr. Kelvin Stroy	Chief Student Services Officer *total school district experience 23 years	2 Years*
Dr. Megan Gist	Chief Academic Officer - Secondary *total school district experience 24 years	12 Years*
Renaë Murphy	Chief Communications Officer *total school district experience 25 years	7 Years*
Dr. Mary Johnston	Chief Academic Officer - Elementary *total school district experience 28 years	5 Years*

Rockwall Independent School District

Organizational Chart

June 30, 2022





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Rockwall Independent School District
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Rockwall Independent School District

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2021.

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, appearing to read 'William A. Sutter'.

William A. Sutter
President

A handwritten signature in black ink, appearing to read 'David J. Lewis'.

David J. Lewis
Executive Director



Rockwall

INDEPENDENT SCHOOL DISTRICT

Financial Section



Rockwall

INDEPENDENT SCHOOL DISTRICT

Independent Auditor's Report

To the Board of Trustees
Rockwall Independent School District
Rockwall, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rockwall Independent School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Board of Trustees
Rockwall Independent School District

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information and Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information and Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the Introductory Section, Statistical Section and Schedule of Required Responses to Selected School FIRST Indicators but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
October 12, 2022



Rockwall

INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

Our discussion and analysis of Rockwall Independent School District's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The general fund reported an ending fund balance of \$77,606,675. The net change in fund balance resulted in an increase in the general fund balance from the prior year in the amount of \$5,100,252. The increase in fund balance was the result of conservative spending which caused actual expenditures to be well under budgeted expenditures. Revenues were greater than budget due to higher actual property tax collections received compared to budget.
- The District's long-term debt (bonds) is to meet the facility needs associated with student population growth. Because the District's debt management practice is to utilize appropriate bond instruments depending upon the economic circumstances, capital appreciation bonds have been issued. As a result, the liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at year end by \$128.9 million (net deficit).
- Capital appreciation bonds outstanding necessitated the accreted interest accrual of \$65.6 million in the government-wide financial statements, which reduces the net position of the District.
- General revenues accounted for \$190.0 million (82%) of all fiscal year 2022 revenue. Program-specific revenues in the form of charges for services and operating grants and contributions accounted for \$44.9 million (18%) of total fiscal year revenues.
- The District had approximately \$221.1 million in expenses related to governmental activities, of which approximately \$43.1 million was offset by program-specific charges for services or operating grants and contributions.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$211.7 million. The general fund represents approximately 37% of this total amount, \$59.4 million, which is available for spending at the government's discretion (unassigned fund balance). Total unassigned fund balances total \$59.4 million.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position (Exhibit A-1) and the Statement of Activities (Exhibit B-1). These reports provide information about the activities of the District as a whole, long-term view of the District's property, debt obligations, and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Governmental fund financial statements (starting with Exhibit C-1) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental funds, these statements tell how services were financed in the short term as well as what resources remain for future spending. They also reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget.

Proprietary fund financial statements (starting with Exhibit D-1) offer short-term and long-term financial information about the activities the District operates like businesses. The District has two enterprise funds reflected in the proprietary fund financial statements.

Fiduciary fund financial statements (starting with Exhibit E-1) provide financial information about activities for which the District acts solely as a trustee or custodian for the benefit of those outside of the District.

The notes to the financial statements (following Exhibit E-2) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The sections labeled required supplementary information and other supplementary information contain additional information about the District's budget, pension schedules, and individual funds. This information may be found in Exhibits G-1 through J-4.

The section labeled Overall Compliance and Internal Controls Section contains data used by monitoring or regulatory agencies for assurance that the District is using funds in compliance with the terms of the grants awarded.

Government-Wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the District's net position and how they have changed. Net position is one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's tax base. The government-wide financial statements of the District are divided into two categories:

Governmental activities. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.

Business-type activities. Account for funds where the District charges fees to customers to help it cover the costs of certain services it provides.

The government-wide financial statements can be found on pages 19-21 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds—not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the reconciliations that explain the relationship (or differences) between them.

The governmental fund financial statements can be found on pages 22-28 of this report.

Proprietary funds. Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. There is one proprietary fund type: enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

The proprietary fund financial statements can be found on pages 29-31 of this report.

Fiduciary funds. The District is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. Fiduciary funds are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

The fiduciary fund financial statements can be found on pages 32-33 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34-66 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the budgetary comparison of the general fund and child nutrition fund. The required supplementary information also provides information on the District's cost-sharing multiple employer pension and OPEB plan of which the District is a participant. The required supplementary information is referenced as Exhibits G-1 through G-6, and the associated notes immediately follow the exhibits in this report.

Required supplementary information can be found on pages 68-76 of this report.

Financial Analysis of the District as a Whole

Net position. The overall deficit in net position decreased between fiscal years 2021 and 2022 – the deficit decreased by \$11.4 million. (See Table A-1).

Table A-1
Rockwall Independent School District's Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Cash and investments	\$ 219,749,011	\$ 134,709,829	\$ 875,502	\$ 899,943	\$ 220,624,513	\$ 135,609,772
Other assets	15,003,458	8,807,997	362,922	237,230	15,366,380	9,045,227
Capital assets less accumulated depreciation	419,599,674	432,723,130	168,373	195,023	419,768,047	432,918,153
Total assets	654,352,143	576,240,956	1,406,797	1,332,196	655,758,940	577,573,152
Total deferred outflows of resources	41,595,835	50,223,417	-	-	41,595,835	50,223,417
Liabilities:						
Current liabilities	27,294,011	29,064,075	368,385	249,037	27,662,396	29,313,112
Long-term liabilities	747,709,262	701,363,518	-	-	747,709,262	701,363,518
Total liabilities	775,003,273	730,427,593	368,385	249,037	775,371,658	730,676,630
Total deferred inflows of resources	50,890,630	37,990,040	-	-	50,890,630	37,990,040
Net position:						
Net investment in capital assets	(82,342,240)	(68,634,811)	168,373	195,023	(82,173,867)	(68,439,788)
Restricted	23,709,286	18,527,357	-	-	23,709,286	18,527,357
Unrestricted	(71,312,971)	(91,845,806)	870,039	888,136	(70,442,932)	(90,957,670)
Total net position	\$ (129,945,925)	\$ (141,953,260)	\$ 1,038,412	\$ 1,083,159	\$ (128,907,513)	\$ (140,870,101)

Unrestricted net position showed a \$70.4 million deficit at the end of this year. This deficit does not mean that the District does not have significant resources available to pay its bills next year. Rather, it is the result of having long-term commitments that are more than currently available resources.

Changes in net position. The District's total revenues increased 9% to \$235.0 million. (See Table A-2.) A significant portion, 66% of the District's revenue comes from taxes. (See Graph A-1.) 31% comes from state allocations and from operating grants and contributions. The remaining 3% relates to charges for services, investment earnings, and miscellaneous revenues. The total cost of all programs and services were \$222.4 million. The District's expenses cover a range of services.

Governmental Activities

Revenues for the District's governmental activities increased 9%. Revenues increased due an increase in tax collections as a result of rising property values, operating grants provided in response to the COVID-19 pandemic and state aid driven by increasing student enrollment.

Table A-2
Changes in the Rockwall Independent School District's Net Position

	Governmental Activities		Business-type Activities		Total	
	Year Ended 2022	Year Ended 2021	Year Ended 2022	Year Ended 2021	Year Ended 2022	Year Ended 2021
Program revenues:						
Charges for services	\$ 6,293,999	\$ 3,564,708	\$ 1,756,740	\$ 1,013,641	\$ 8,050,739	\$ 4,578,349
Operating grants and contributions	36,828,297	30,903,801	62,831	48,795	36,891,128	30,952,596
General revenues:						
Property taxes	152,538,822	146,629,894	-	-	152,538,822	146,629,894
State aid - formula	36,344,762	32,250,801	-	-	36,344,762	32,250,801
Investment earnings	671,785	449,496	-	-	671,785	449,496
Other	491,011	500,549	-	-	491,011	500,549
Total revenues	233,168,676	214,299,249	1,819,571	1,062,436	234,988,247	215,361,685
Expenses:						
Instruction	\$ 111,136,997	\$ 112,786,648	\$ -	\$ -	\$ 111,136,997	\$ 112,786,648
Instructional resources and media services	2,959,946	2,943,979	-	-	2,959,946	2,943,979
Curriculum and staff development	5,731,664	5,306,457	-	-	5,731,664	5,306,457
Instructional leadership	1,434,731	1,518,405	-	-	1,434,731	1,518,405
School leadership	9,496,099	9,953,368	-	-	9,496,099	9,953,368
Guidance, counseling and evaluation services	7,870,756	7,163,222	-	-	7,870,756	7,163,222
Social work services	344,973	368,686	-	-	344,973	368,686
Health services	3,014,194	2,937,333	-	-	3,014,194	2,937,333
Student (pupil) transportation	6,772,142	6,216,349	-	-	6,772,142	6,216,349
Food services	9,995,304	7,779,430	-	-	9,995,304	7,779,430
Cocurricular/extracurricular activities	12,869,998	12,259,535	-	-	12,869,998	12,259,535
General administration	4,983,920	5,024,010	-	-	4,983,920	5,024,010
Plant maintenance and operations	16,378,726	16,153,172	-	-	16,378,726	16,153,172
Security and monitoring services	2,383,399	2,067,646	-	-	2,383,399	2,067,646
Data processing services	3,346,870	3,376,780	-	-	3,346,870	3,376,780
Community services	52,619	34,944	-	-	52,619	34,944
Debt service	20,730,161	19,921,514	-	-	20,730,161	19,921,514
Facilities acquisition and construction	-	10,237	-	-	-	10,237
Payments for shared service arrangements	10,685	10,685	-	-	10,685	10,685
Other intergovernmental charges	1,543,542	1,457,451	-	-	1,543,542	1,457,451
Sports marketing	-	-	128,479	94,930	128,479	94,930
ROCK after school program	-	-	1,235,839	914,834	1,235,839	914,834
Total expenses	221,056,726	217,289,851	1,364,318	1,009,764	222,421,044	218,299,615
Increase (decrease) in net position	\$ 12,111,950	\$ (2,990,602)	\$ 455,253	\$ 52,672	\$ 12,567,203	\$ (2,937,930)
Transfers	500,000	-	(500,000)	-	-	-
Change in net position	12,611,950	(2,990,602)	(44,747)	52,672	12,567,203	(2,937,930)
Extraordinary item	(604,615)	356,962	-	-	(604,615)	356,962
Net position - beginning	(141,953,260)	(139,319,620)	1,083,159	1,030,487	(140,870,101)	(138,289,133)
Net position - ending	\$ (129,945,925)	\$ (141,953,260)	\$ 1,038,412	\$ 1,083,159	\$ (128,907,513)	\$ (140,870,101)

Business-Type Activities- Business type activities decreased the District's net position by \$44,747. The decrease in net position is a direct result resumption of fund transfers to the General Fund.

Sources of Revenues for Fiscal Year 2022

Graph A-1

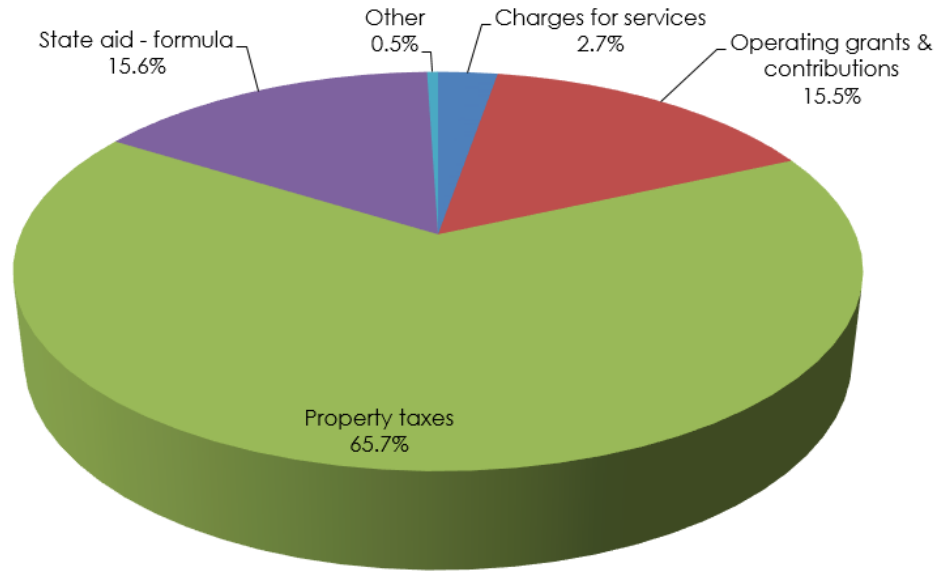


Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

The cost of all activities this year was \$222.4 million. However, the amount that our taxpayers paid for these activities through property taxes was \$152.5 million.

Some of the cost was paid by those who directly benefited from the programs (\$8.1 million).

Table A-3
Rockwall Independent School District
Net Cost of Selected District Functions

	Total Cost of Services			Net Cost of Services		
	Year Ended	Year Ended	% Change	Year Ended	Year Ended	% Change
	2022	2021		2022	2021	
Instruction	\$ 111,136,997	\$ 112,786,648	-1.5%	\$ 94,556,955	\$ 94,723,532	-0.2%
School leadership	9,496,099	9,953,368	-4.6%	8,614,172	8,823,774	-2.4%
Cocurricular/extracurricular	12,869,998	12,259,535	5.0%	10,412,818	10,460,792	-0.5%
Plant maintenance and operations	16,378,726	16,153,172	1.4%	14,422,868	13,977,768	3.2%
Debt service	20,730,161	19,921,514	4.1%	20,257,275	19,386,457	4.5%

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$211.7 million. Approximately 28% of this total amount or \$59.4 million constitutes the unassigned fund balance. The remainder of fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it has already been: 1) restricted for retirement of long-term debt \$26.8 million, 2) restricted for capital projects \$101.3 million, and 3) restricted, committed, or assigned for other purposes, or nonspendable, totaling \$24.2 million.

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$59.4 million, while the total fund balance of all governmental funds was \$211.7 million.

The general fund reported an ending fund balance of \$77,606,675. The net change in fund balance resulted in an increase in the general fund balance from the prior year in the amount of \$5,100,252. The increase in fund balance was the result of conservative spending which caused actual expenditures to be well under budgeted expenditures. Revenues were greater than budget due to higher property tax collections and higher state revenue due to increased enrollment received compared to budget.

The child nutrition fund has a total fund balance of \$4,001,456 which represents an increase of \$2,215,566. This increase is due to a full year of 100% federal meal reimbursement under the Summer Seamless Option for all students.

The debt service fund has a total fund balance of \$26,794,577, all of which is restricted for the payment of debt service. The net increase in fund balance during the period in the debt service fund was \$3,976,806. The increase is due to increased property tax collections from rising property values and lower debt service requirements as a result of multiple bond refundings to lower interest rates.

The capital projects fund has a fund balance of \$101,284,118 at year end. The net increase in fund balance of \$82,480,215 is a result of issuance of 2022 Bonds offset by capital expenditures for miscellaneous bond projects.

General Fund Budgetary Highlights

Over the course of the year, the District recommended and the Board approved several revisions to budgeted revenues and appropriations. The amendments fall into the following categories:

- Amendments approved throughout the year for additional personnel of \$540,000, increases in insurance premiums of \$486,000, one-time incentive payment to all employees of \$4.9 million, facility improvements \$1.5 million, and transfer of personnel costs to ESSER funds of \$2.2 million.
- Revenue amendment to record ESSER reimbursement of pre-award costs.

After appropriations were amended as described above, actual revenues for the general fund were \$8.3 million above the final budget amounts as the District saw an increase in property tax collections above budgeted amounts and an increase in state funding caused by a higher than expected increase in enrollment. Actual expenditures were \$2.6 million below final budget amounts, primarily due to personnel vacancies in budgeted payroll positions, conservative spending practices, and timing of facility improvement program project completions.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets as of June 30, 2022, amounts to \$419.7 million (net of accumulated depreciation). This amount represents a net decrease (including additions and deletions) of \$13.1 million or 3.0%. The investment in capital assets includes land, buildings and improvements, vehicles, equipment, and construction in progress.

Table A-4
Rockwall Independent School District's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 20,359,012	\$ 20,309,012	\$ -	\$ -	\$ 20,359,012	\$ 20,309,012
Construction in progress	3,923,846	37,644,490	-	-	3,923,846	37,644,490
Buildings and improvements	685,875,482	639,120,926	-	-	685,875,482	639,120,926
Furniture and equipment	29,846,978	28,552,551	548,230	548,230	30,395,208	29,100,781
Totals at historical cost	740,005,318	725,626,979	548,230	548,230	740,553,548	726,175,209
Less accumulated depreciation	(320,405,644)	(292,903,849)	(379,857)	(353,207)	(320,785,501)	(293,257,056)
Net capital assets	\$ 419,599,674	\$ 432,723,130	\$ 168,373	\$ 195,023	\$ 419,768,047	\$ 432,918,153

Additional information on the District's capital assets can be found in Note 5.

Long-Term Debt

At year-end the District had \$685.5 million in long term debt – an increase of 11.5% over last year – as shown in Table A-5.

Table A-5
Rockwall Independent School District's Long Term Debt

	2022	2021
Bonds payable	\$ 587,593,439	\$ 514,758,573
Accreted interest	65,564,431	76,736,088
Bond premiums	32,292,453	23,419,739
	<u>\$ 685,450,323</u>	<u>\$ 614,914,400</u>

The “AAA” long term rating of the District’s Texas bonds reflects the Texas Permanent School guarantee. The District has an underlying bond rating of “Aa2” and “AA” given to it by both Moody’s and Standard & Poors, respectively. This rating reflects the District’s (1) strong economic situation, (2) strong administrative management, and (3) excellent financial performance.

Additional information on the District’s long-term debt can be found in Note 7.

Economic Factors and Next Year’s Budgets and Tax Rates

As part of the implementation of House Bill 3 from the 86th Legislative Session, for Texas ISDs the Maximum Compressed Rate (MCR) portion of the M&O tax rate is calculated by reducing the prior year’s MCR (\$0.8536) by an amount equal to the excess of current year property tax value growth above 2.5% from the prior year’s total values. For Rockwall ISD, the new MCR is calculated at $\$0.8536 \times (1.025 \div 1.0217) = \0.7189 . However, as part of House Bill 3, all Texas school district’s maintenance and operations tax rates are required to be within a 10% range. Therefore, each year the Texas Education Agency calculates a MCR “floor” which no school district can adopt below and still receive their full state revenue entitlement. For the 2022-2023 fiscal year, the MCR floor calculated for all Texas school districts is \$0.8046. Therefore, the MCR for Rockwall ISD cannot be below \$0.8046 for 2022-2023. Lastly, Texas ISD’s have the ability to access five additional pennies providing for Tier 2 funding. On August 15, 2022, the District adopted a M&O tax rate of \$0.8546 (MCR \$0.8536 + Tier 2 pennies \$0.05 = \$0.8546) and an I&S rate of \$0.36. The \$0.36 I&S rate will generate enough revenue to cover the District’s interest and debt obligations even in light of increase debt outstanding.

Student enrollment saw an increase for the 2021-2022 school year due to students returning to school following the COVID-19 Pandemic. With annual increases in student enrollment, the District continues to strategically plan and build for continued student growth. Voters approved a bond referendum of \$475,845,000 on November 2, 2021. This bond allows for two new 9th grade campuses, a middle school, a replacement elementary school, additional classroom space for 6th graders at existing middle schools that expands capacity and frees up space at elementary schools, basic maintenance, and modern security. The bond also provides for new buses to maintain a safe and modern fleet and funds to update technology and wifi connectivity for classrooms. The District also issued Series 2022 Bonds in February 2022 comprised of \$75 million of 2021 authorization and the remaining \$18 million of 2015 authorization bonds. The 2015 authorized bond projects are substantially complete. Therefore, the remaining \$18 million bond proceeds will be utilized for additional Board approved projects. All proceeds are invested at Lone Star Investment Pool and are available for continuing payments on construction projects in progress.

The Board of Trustees adopted a 2022-2023 general fund budget reflecting revenues and transfers from other funds of \$156,572,597 and expenditures of \$157,438,956. The adopted budget includes funding for a \$1,850 - \$2,450 raises for teachers, nurses, and librarians based on years' experience and a general pay increase for all other employees of 3% of the mid-point of each respective pay grade. The budget also includes funding for additional staff for enrollment growth.

The district received federal reimbursement from the American Rescue Plan (ARP) funds through ESSER III for pre-award costs expended to safely re-open schools in light of the COVID-19 Pandemic. The District applied for and was granted funds through ARP ESSER III, ARP ESSER II and ARP ESSER Supplemental federal grants for the hiring of additional teachers, counselors, and special education positions to help close or eliminate learning gaps caused by the pandemic, construction of a Technology Fiber Ring to provide unlimited speed and throughput for the District's network, and for the claiming of indirect costs related to the accounting, budgeting, purchasing, auditing, and payroll processing of grant funds.

The District will continue to review its priorities to maintain the level of service to its children and taxpayers for future budget years.

Requests for Information

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact David Carter, Senior Chief Financial Officer for the District.

Basic Financial Statements



Rockwall

INDEPENDENT SCHOOL DISTRICT

Rockwall Independent School District
Statement of Net Position
June 30, 2022

Exhibit A-1

Data Control Codes		1 Governmental Activities	2 Business-type Activities	3 Total
ASSETS				
1110	Cash and cash equivalents	\$ 219,749,011	\$ 875,502	\$ 220,624,513
1220	Property taxes receivables (delinquent)	3,639,539	-	3,639,539
1230	Allowance for uncollectible taxes (credit)	(181,977)	-	(181,977)
1240	Due from other governments	11,150,554	-	11,150,554
1260	Internal balances	166	(166)	-
1290	Other receivables, net	62,750	363,088	425,838
1300	Inventories	219,520	-	219,520
1410	Prepaid items	112,906	-	112,906
	Capital assets:			
1510	Land	20,359,012	-	20,359,012
1520	Buildings, net	386,884,270	-	386,884,270
1530	Furniture and equipment, net	8,432,546	168,373	8,600,919
1580	Construction in progress	3,923,846	-	3,923,846
1000	Total assets	654,352,143	1,406,797	655,758,940
DEFERRED OUTFLOWS OF RESOURCES				
1701	Accumulated decrease in fair value of hedging derivative	5,217,586	-	5,217,586
1702	Deferred loss on refunding	16,659,861	-	16,659,861
1705	Deferred outflows of resources - pensions	10,097,009	-	10,097,009
1706	Deferred outflows of resources - OPEB	9,621,379	-	9,621,379
	Total deferred outflows of resources	41,595,835	-	41,595,835
LIABILITIES				
2110	Accounts payable	3,273,175	2,854	3,276,029
2140	Interest payable	7,924,012	-	7,924,012
2150	Payroll deductions and withholdings	731,483	2,515	733,998
2160	Accrued wages payable	14,808,090	50	14,808,140
2180	Due to other governments	263	-	263
2300	Unearned revenue	556,988	362,966	919,954
2302	Derivative instrument	5,217,586	-	5,217,586
	Long term liabilities:			
2501	Due within one year	21,945,000	-	21,945,000
2502	Due in more than one year	663,505,323	-	663,505,323
2540	Net pension liability (District's share)	17,479,157	-	17,479,157
2545	Net OPEB liability (District's share)	39,562,196	-	39,562,196
2000	Total liabilities	775,003,273	368,385	775,371,658
DEFERRED INFLOWS OF RESOURCES				
2600	Deferred gain	567,232	-	567,232
2605	Deferred inflows of resources - pensions	21,192,589	-	21,192,589
2606	Deferred inflows of resources - OPEB	29,130,809	-	29,130,809
	Total deferred inflows of resources	50,890,630	-	50,890,630
NET POSITION (DEFICIT)				
3200	Net investment in capital assets	(82,342,240)	168,373	(82,173,867)
	Restricted for:			
3820	Federal and state programs	140,335	-	140,335
3840	Food service	4,001,456	-	4,001,456
3850	Debt service	19,567,495	-	19,567,495
3900	Unrestricted	(71,312,971)	870,039	(70,442,932)
3000	TOTAL NET POSITION (DEFICIT)	\$ (129,945,925)	\$ 1,038,412	\$ (128,907,513)

The Notes to Basic Financial Statements are an integral part of this statement.

Rockwall Independent School District
Statement of Activities
For the Fiscal Year Ended June 30, 2022

Data Control Codes		1	Program Revenues	
			3	4
		Expenses	Charges for Services	Operating Grants and Contributions
PRIMARY GOVERNMENT				
	Governmental activities:			
11	Instruction	\$ 111,136,997	\$ 2,324,421	\$ 14,255,621
12	Instructional resources and media services	2,959,946	138,306	197,009
13	Curriculum and instructional staff development	5,731,664	-	2,940,042
21	Instructional leadership	1,434,731	-	234,126
23	School leadership	9,496,099	-	881,927
31	Guidance, counseling, and evaluation services	7,870,756	35,400	3,595,174
32	Social work services	344,973	-	31,572
33	Health services	3,014,194	-	563,985
34	Student (pupil) transportation	6,772,142	-	504,665
35	Food services	9,995,304	1,376,237	9,954,916
36	Cocurricular/Extracurricular activities	12,869,998	1,999,804	457,376
41	General administration	4,983,920	-	420,156
51	Plant maintenance and operations	16,378,726	419,831	1,536,027
52	Security and monitoring services	2,383,399	-	180,756
53	Data processing services	3,346,870	-	457,768
61	Community services	52,619	-	20,783
72	Debt service - interest on long-term debt	19,766,741	-	472,886
73	Debt service - amortization and fees	963,420	-	-
93	Payments to fiscal agent/member districts of SSA	10,685	-	-
99	Other intergovernmental charges	1,543,542	-	123,508
	Total governmental activities	221,056,726	6,293,999	36,828,297
	Business-type activities:			
01	Sports marketing	128,479	195,645	-
02	ROCK after school program	1,235,839	1,561,095	62,831
	Total business-type activities	1,364,318	1,756,740	62,831
TP	TOTAL PRIMARY GOVERNMENT:	<u>\$ 222,421,044</u>	<u>\$ 8,050,739</u>	<u>\$ 36,891,128</u>
	General revenues and transfers:			
	Taxes:			
MT	Property taxes, levied for general purposes			
DT	Property taxes, levied for debt service			
GC	Grants and contributions not restricted			
IE	Investment earnings			
MI	Miscellaneous			
FR	Transfers			
TR	Total general revenues and transfers			
E1	Extraordinary item			
CN	Change in net position			
NB	Net position (deficit)- beginning			
NE	NET POSITION (DEFICIT)- ENDING			

The Notes to Basic Financial Statements are an integral part of this statement.

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>6</u>	<u>7</u>	<u>8</u>
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (94,556,955)	\$ -	\$ (94,556,955)
(2,624,631)	-	(2,624,631)
(2,791,622)	-	(2,791,622)
(1,200,605)	-	(1,200,605)
(8,614,172)	-	(8,614,172)
(4,240,182)	-	(4,240,182)
(313,401)	-	(313,401)
(2,450,209)	-	(2,450,209)
(6,267,477)	-	(6,267,477)
1,335,849	-	1,335,849
(10,412,818)	-	(10,412,818)
(4,563,764)	-	(4,563,764)
(14,422,868)	-	(14,422,868)
(2,202,643)	-	(2,202,643)
(2,889,102)	-	(2,889,102)
(31,836)	-	(31,836)
(19,293,855)	-	(19,293,855)
(963,420)	-	(963,420)
(10,685)	-	(10,685)
(1,420,034)	-	(1,420,034)
(177,934,430)	-	(177,934,430)
-	67,166	67,166
-	388,087	388,087
-	455,253	455,253
(177,934,430)	455,253	(177,479,177)
108,299,858	-	108,299,858
44,238,964	-	44,238,964
36,344,762	-	36,344,762
671,785	-	671,785
491,011	-	491,011
500,000	(500,000)	-
190,546,380	(500,000)	190,046,380
(604,615)	-	(604,615)
12,007,335	(44,747)	11,962,588
(141,953,260)	1,083,159	(140,870,101)
\$ (129,945,925)	\$ 1,038,412	\$ (128,907,513)

Rockwall Independent School District
 Balance Sheet
 Governmental Funds
 June 30, 2022

Data Control Codes		10 General Fund	24 Child Nutrition Fund
ASSETS			
1110	Cash and cash equivalents	\$ 82,207,117	\$ 4,440,376
1220	Property taxes delinquent	2,637,916	-
1230	Allowance for uncollectable taxes (credit)	(131,896)	-
1240	Due from other governments	10,105,247	17,606
1260	Due from other funds	450,420	544
1290	Other receivables	62,750	-
1300	Inventories	82,915	133,836
1410	Prepaid items	99,832	-
1000	Total assets	<u>\$ 95,514,301</u>	<u>\$ 4,592,362</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
2110	Accounts payable	\$ 963,627	\$ 473
2140	Interest payable	-	-
2150	Payroll deductions and withholdings	462,446	75,621
2155	Accrued Expenses	-	-
2160	Accrued wages payable	13,479,535	261,268
2170	Due to other funds	-	1,101
2180	Due to other governments	-	-
2300	Unearned revenue	25,613	252,443
2000	Total liabilities	<u>14,931,221</u>	<u>590,906</u>
Deferred inflows of resources			
2600	Unavailable revenue	2,976,405	-
	Total deferred inflows of resources	<u>2,976,405</u>	<u>-</u>
Fund balances:			
Nonspendable			
3410	Inventories	82,915	-
3430	Prepaid items	99,832	-
Restricted			
3480	Debt service	-	-
3470	Capital projects	-	-
3450	Grant funds	-	4,001,456
Committed			
3545	Local special revenue	-	-
Assigned			
	Reserve for facility improvement program	1,100,000	-
	Assigned for operating cash deficits	16,900,000	-
3600	Unassigned	59,423,928	-
3000	Total fund balances	<u>77,606,675</u>	<u>4,001,456</u>
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 95,514,301</u>	<u>\$ 4,592,362</u>

The Notes to Basic Financial Statements are an integral part of this statement.

Exhibit C-1

50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 26,297,140	\$ 103,498,013	\$ 3,306,365	\$ 219,749,011
1,001,623	-	-	3,639,539
(50,081)	-	-	(181,977)
242,825	-	784,876	11,150,554
-	-	511	451,475
-	-	-	62,750
-	-	2,769	219,520
-	-	13,074	112,906
<u>\$ 27,491,507</u>	<u>\$ 103,498,013</u>	<u>\$ 4,107,595</u>	<u>\$ 235,203,778</u>
\$ -	\$ 2,173,918	\$ 135,157	\$ 3,273,175
-	-	-	-
-	4,118	189,298	731,483
-	-	-	-
-	35,859	1,031,428	14,808,090
-	-	450,208	451,309
-	-	263	263
-	-	278,932	556,988
<u>-</u>	<u>2,213,895</u>	<u>2,085,286</u>	<u>19,821,308</u>
696,930	-	-	3,673,335
<u>696,930</u>	<u>-</u>	<u>-</u>	<u>3,673,335</u>
-	-	2,769	85,684
-	-	13,074	112,906
26,794,577	-	-	26,794,577
-	101,284,118	-	101,284,118
-	-	140,335	4,141,791
-	-	1,866,131	1,866,131
-	-	-	1,100,000
-	-	-	16,900,000
-	-	-	59,423,928
<u>26,794,577</u>	<u>101,284,118</u>	<u>2,022,309</u>	<u>211,709,135</u>
<u>\$ 27,491,507</u>	<u>\$ 103,498,013</u>	<u>\$ 4,107,595</u>	<u>\$ 235,203,778</u>



Rockwall

INDEPENDENT SCHOOL DISTRICT

Rockwall Independent School District**Exhibit C-1R**Reconciliation of the Balance Sheet - Governmental Funds
to the Government-Wide Statement of Net Position
June 30, 2022

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 211,709,135
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statements.	740,005,318
2 Accumulated depreciation has not been included in the governmental fund financial statements.	(320,405,644)
3 Bonds payable and contractual obligations have not been included in the governmental fund financial statements.	(587,593,439)
4 Accreted interest for capital appreciation bonds have not been included in the governmental fund financial statements as a liability.	(65,564,431)
5 Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, interest expenditures are reported when due.	(7,924,012)
6 Revenue reported as a deferred inflow of resources in the governmental fund financial statements was recorded as revenue in the government-wide financial statements.	3,673,335
7 Premiums and discounts on the issuance of current interest bonds are reflected in the statement of net position in the government-wide financial statements, net of amortization.	(32,292,453)
8 Gains from partial refundings of hedges is reported as other resources in the governmental fund financial statements, however, they are recorded as a liability in the government-wide financial statements, net of amortization.	(567,232)
9 The loss on refunding amount is reflected in the statement of net position in the government-wide financial statements, net of amortization.	16,659,861
10 Included in the items related to debt is the recognition of the District's proportionate share of the TRS net pension liability (\$17,479,157) and a deferred inflow of resources (\$21,192,589), and a deferred outflow of resources (\$10,097,009). The result is a decrease in net position.	(28,574,737)
11 Included in the items related to debt is the recognition of the District's proportionate share of the TRS-Care net OPEB liability (\$39,562,196) and a deferred inflow of resources (\$29,130,809), and a deferred outflow of resources (\$9,621,379). The result is a decrease in net position.	(59,071,626)
19 NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u>\$ (129,945,925)</u>

The Notes to Basic Financial Statements are an integral part of this statement.

Rockwall Independent School District
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

<u>Data Control Codes</u>		<u>General Fund</u>	<u>Child Nutrition Fund</u>
REVENUES			
5700	Total local and intermediate sources	\$ 110,800,504	\$ 1,394,495
5800	State program revenues	44,308,769	206,528
5900	Federal program revenues	4,464,075	9,665,353
5020	Total revenues	<u>159,573,348</u>	<u>11,266,376</u>
EXPENDITURES			
Current:			
0011	Instruction	91,903,437	-
0012	Instructional resources and media services	1,973,588	-
0013	Curriculum and staff development	3,127,790	-
0021	Instructional leadership	1,359,947	-
0023	School leadership	9,127,914	-
0031	Guidance, counseling, and evaluation services	4,687,013	-
0032	Social work services	351,444	-
0033	Health services	2,076,005	-
0034	Student (pupil) transportation	6,285,466	-
0035	Food services	-	7,946,933
0036	Cocurricular/extracurricular activities	4,661,141	-
0041	General administration	4,689,575	-
0051	Plant maintenance and operations	18,169,320	-
0052	Security and monitoring services	2,236,359	-
0053	Data processing services	3,229,075	-
0061	Community services	40,057	-
Debt service:			
0071	Debt service - Principal on long-term debt	-	-
0072	Debt service - Interest on long-term debt	-	-
0073	Debt service - Bond issuance costs and fees	-	-
Capital outlay:			
0081	Facilities acquisition and construction	-	-
Intergovernmental:			
0093	Payments to member districts of SSA	-	10,685
0099	Other intergovernmental charges	1,543,542	-
6030	Total expenditures	<u>155,461,673</u>	<u>7,957,618</u>
1100	Excess (deficiency) of revenues over (under) expenditures	4,111,675	3,308,758
OTHER FINANCING SOURCES (USES) :			
7911	Issuance of bonds	-	-
7916	Premium on issuance of bonds	-	-
7915	Transfers in	1,593,192	-
8911	Transfers out	-	(1,093,192)
7080	Total other financing sources (uses)	1,593,192	(1,093,192)
7919	Extraordinary items - winter storm damage	(604,615)	-
1200	Net change in fund balances	5,100,252	2,215,566
0100	Fund balances - July 1 (beginning)	<u>72,506,423</u>	<u>1,785,890</u>
3000	FUND BALANCES - JUNE 30 (ENDING)	<u>\$ 77,606,675</u>	<u>\$ 4,001,456</u>

The Notes to Basic Financial Statements are an integral part of this statement.

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 44,349,215	\$ 252,152	\$ 3,372,431	\$ 160,168,797
471,656	18,531	734,134	45,739,618
-	-	11,372,187	25,501,615
<u>44,820,871</u>	<u>270,683</u>	<u>15,478,752</u>	<u>231,410,030</u>
-	165,166	6,128,646	98,197,249
-	-	82,372	2,055,960
-	-	2,652,449	5,780,239
-	-	95,986	1,455,933
-	-	148,053	9,275,967
-	-	3,181,520	7,868,533
-	-	-	351,444
-	3,427	373,718	2,453,150
-	-	-	6,285,466
-	11,634	36,818	7,995,385
-	1,736,665	1,518,840	7,916,646
-	324,500	12,809	5,026,884
-	-	127,319	18,296,639
-	6,373	(7,180)	2,235,552
-	451,354	869,226	4,549,655
-	-	12,562	52,619
9,460,134	-	-	9,460,134
31,187,683	-	-	31,187,683
196,248	767,172	-	963,420
-	8,091,348	8,000	8,099,348
-	-	-	10,685
-	-	-	1,543,542
<u>40,844,065</u>	<u>11,557,639</u>	<u>15,241,138</u>	<u>231,062,133</u>
3,976,806	(11,286,956)	237,614	347,897
-	82,295,000	-	82,295,000
-	11,472,171	-	11,472,171
-	-	-	1,593,192
-	-	-	(1,093,192)
-	93,767,171	-	94,267,171
-	-	-	(604,615)
3,976,806	82,480,215	237,614	94,010,453
<u>22,817,771</u>	<u>18,803,903</u>	<u>1,784,695</u>	<u>117,698,682</u>
<u>\$ 26,794,577</u>	<u>\$ 101,284,118</u>	<u>\$ 2,022,309</u>	<u>\$ 211,709,135</u>

Rockwall Independent School District

Exhibit C-2R

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Government-Wide Statement of Activities For the Fiscal Year Ended June 30, 2022

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 94,010,453
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The effect of removing the 2022 capital outlays is to increase net position.	14,378,339
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net position.	(27,501,795)
Current year long-term debt principal payments on bonds payable are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	9,460,134
Net decrease in current year accretion on capital appreciation bonds is not reflected in the fund financial statements, but is shown as a decrease in accreted interest on the government-wide financial statements.	11,171,657
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due. This amount represents the current year increase in interest payable.	(1,039,628)
Proceeds from debt issued through bond proceeds are reflected as other financing sources on the governmental fund financial statements, but are shown as a long term liability in the government-wide financial statements.	(82,295,000)
Premiums are recognized in the fund financial statements as other financing sources, but they are shown as long term liabilities in the government-wide financial statements.	(11,472,171)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	33,882
The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of a decrease in deferred outflows (\$4,097,091); an increase in deferred inflows (\$13,827,939); and a decrease in net pension liability (\$19,960,776).	2,035,746
The net change in net OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of an increase in deferred outflows (\$1,216,241); a decrease in deferred inflows (\$881,285); and an increase in net OPEB liability (\$160,721).	1,936,805
Amortization of the deferred loss on refunding is not recognized on the governmental fund financial statements.	(1,356,608)
Amortization of the gain on swap agreement is not recognized on the governmental fund financial statements.	46,064
Amortization of the premium on issuance of current interest bonds is not recognized on the governmental fund financial statements.	2,599,457
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 12,007,335

The Notes to Basic Financial Statements are an integral part of this statement.

Rockwall Independent School District
Statement of Net Position
Proprietary Funds
June 30, 2022

Exhibit D-1

<u>Data Control Codes</u>	ASSETS	Business-Type Activities
		<u>Total Nonmajor Enterprise Funds</u>
	Current assets:	
1110	Cash and cash equivalents	\$ 875,502
1290	Other receivables, net	363,088
	Total current assets	1,238,590
	Noncurrent assets:	
1530	Furniture and equipment, net	168,373
	Total noncurrent assets	168,373
1000	Total assets	\$ 1,406,963
	LIABILITIES AND NET POSITION	
	Current liabilities:	
2110	Accounts payable	\$ 2,854
2150	Payroll deductions and withholdings	2,515
2160	Accrued wages payable	50
2170	Due to other funds	166
2300	Unearned revenue	362,966
	Total current liabilities	368,551
2000	Total liabilities	368,551
	Net position:	
3200	Investment in capital assets	168,373
3620	Unrestricted	870,039
3000	Total net position	1,038,412
4000	TOTAL LIABILITIES AND NET POSITION	\$ 1,406,963

The Notes to Basic Financial Statements are an integral part of this statement.

Rockwall Independent School District
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
For the Fiscal Year Ended June 30, 2022

Exhibit D-2

<u>Data Control Codes</u>		<u>Business-Type Activities Total Nonmajor Enterprise Funds</u>
OPERATING REVENUES		
5700	Total local and intermediate sources	\$ 1,756,740
5800	State program revenues	62,831
		<hr/>
5020	Total operating revenues	1,819,571
		<hr/>
OPERATING EXPENSES		
6100	Payroll costs	1,057,789
6200	Professional and contracted services	114,396
6300	Supplies and materials	64,310
6400	Depreciation	26,650
6400	Other operating costs	101,173
		<hr/>
6030	Total operating expenses	1,364,318
		<hr/>
	Income before transfers	455,253
8911	Transfers out	(500,000)
		<hr/>
1300	Change in net position	(44,747)
0100	Total net position, beginning (July 1)	1,083,159
		<hr/>
3300	Total net position, ending (June 30)	\$ 1,038,412
		<hr/> <hr/>

The Notes to Basic Financial Statements are an integral part of this statement.

Rockwall Independent School District
 Statement of Cash Flows
 Proprietary Funds
 For the Fiscal Year Ended June 30, 2022

Exhibit D-3

	Business-Type Activities <hr/> Total Nonmajor Enterprise Funds <hr/>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from user charges	\$ 1,880,763
Payments to employees	(1,057,785)
Payments to suppliers	(62,460)
Other payments	(284,959)
	<hr/>
Net cash provided by operating activities	475,559
	<hr/>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Transfers out	(500,000)
	<hr/>
Net cash used in non-capital financing activities	(500,000)
	<hr/>
Net increase in cash and cash equivalents	(24,441)
Cash and cash equivalents, beginning of year	899,943
	<hr/>
Cash and cash equivalents, end of year	<u>\$ 875,502</u>
	<hr/>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income:	\$ 455,253
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	26,650
Changes in current assets and liabilities:	
Other receivables	(124,884)
Accounts payable	(4,540)
Interfund payable	(808)
Accrued liabilities	4
Unearned revenue	123,884
	<hr/>
Net cash provided by operating activities	<u>\$ 475,559</u>

The Notes to Basic Financial Statements are an integral part of this statement.

Rockwall Independent School District
 Statement of Fiduciary Net Position
 Custodial Funds
 June 30, 2022

Exhibit E-1

	<u>Student Activity</u>
ASSETS	
Cash and cash equivalents	\$ 378,421
TOTAL ASSETS	<u>\$ 378,421</u>
LIABILITIES	
Accounts payable	\$ 900
TOTAL LIABILITIES	<u>900</u>
NET POSITION	
Restricted for other purposes	\$ 377,521
TOTAL NET POSITION	<u>\$ 377,521</u>

The Notes to Basic Financial Statements are an integral part of this statement.

Rockwall Independent School District
Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Fiscal Year Ended June 30, 2022

Exhibit E-2

	<u>Student Activity</u>
ADDITIONS	
Miscellaneous revenue from student groups	\$ 626,211
TOTAL ADDITIONS	<u>626,211</u>
DEDUCTIONS	
Scholarships and awards granted	5,000
Dues and fees	483,946
TOTAL DEDUCTIONS	<u>488,946</u>
Change in net position	137,265
NET POSITION	
Restricted for students and other organizations	
Net position, beginning	240,256
Net position, ending	<u>\$ 377,521</u>

Rockwall Independent School District

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

Rockwall Independent School District (the District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of School Trustees (the Board) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and it complies with the requirements of the appropriate version of Texas Education Agency's Financial Accountability System Resource Guide (the Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

A. Reporting Entity

The Board, a seven member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and as a body corporate has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (Agency) or to the State Board of Education are reserved for the Board, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity".

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the District (primary government) and its component units. There are no component units of the District that are required to be presented in the financial statements.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

B. Government-Wide and Fund Financial Statements

The statement of net position and the statement of activities are government-wide financial statements. They report information on all of the District's non-fiduciary activities with most of the interfund activities removed except for interfund services provided and used which are not eliminated. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. *Business-type activities*, which are reported separately, rely to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identified with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes are reported as *general revenues*.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

Rockwall Independent School District

Notes to the Basic Financial Statements

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The proprietary and custodial funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable.

D. Fund Accounting

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Child Nutrition Fund** – This fund accounts for the child nutrition program's transactions. The child nutrition fund is considered a special revenue fund because it meets the following criteria: 1) user fees are charged to supplement the national school lunch program (NSLP), 2) the general fund subsidizes the child nutrition program for all expenditures in excess of NSLP, and 3) the District does not consider the child nutrition program completely self-supporting. Child nutrition fund balances are used exclusively for child nutrition program purposes.

Rockwall Independent School District

Notes to the Basic Financial Statements

3. **Debt Service Fund** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
4. **Capital Projects Funds** – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in the capital projects funds.

Additionally, the District reports the following fund types:

Governmental Funds:

1. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, a specific purpose by the District or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a special revenue fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary Funds:

1. **Enterprise Funds** – The two funds account for the operation of a self-supporting activity which provides services to outside parties in return for fees. The funds account for assets, liabilities, revenues and expenses of the sports marketing effort of the District and the ROCK after school program.

Fiduciary Funds:

1. **Custodial Fund** – The District accounts for resources held for others in a custodial capacity in a custodial fund. The District's custodial fund is the student activity fund. The fund is used to account for assets held by the District as an agent for student and other organizations. These funds were previously reported in an agency fund. This change resulted in reporting more detail of additions to and deductions from custodial funds than was reported for agency funds.

E. Financial Statement Amounts

Cash and Cash Equivalents

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as a part of the District's cash and cash equivalents. For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

Inventories and Prepaid Items

Inventories of materials, supplies and food commodities are reported on the balance sheet at weighted average cost. Inventory items are recorded as expenditures when consumed. Supplies are used for almost all functions of activities, while food commodities are used only in the food service functional activity.

Rockwall Independent School District

Notes to the Basic Financial Statements

Prepaid balances are for payments made by the District for which benefits extend beyond June 30, 2022. The cost of governmental fund type prepaid balances are recorded as an expenditure when consumed rather than when purchased.

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which they were imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the general and debt service funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas legislature.

The tax rates assessed for the fiscal year ended June 30, 2022 to finance general fund operations and the payment of principal and interest on general obligation debt were \$0.9036 and \$0.3700 per \$100 valuation, respectively, for a total of \$1.2736 per \$100 valuation.

Capital Assets

Capital assets, which include land, construction in progress, buildings, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land improvements, buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	15-50
Vehicles	5-10
Other equipment	3-15

Rockwall Independent School District

Notes to the Basic Financial Statements

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains or losses on refunding are deferred and amortized over the lesser of the remaining life of the old debt or the life of the new debt using the straight line method and are presented as deferred inflows/outflows in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Accretion

Accretion is an adjustment of the difference between the price of a bond issued at an original discount and the par value of the bond. For governmental activities debt, the accreted value is recognized as it accrues by fiscal year.

Fund Balances and Net Position

1. Government-Wide Financial Statements

Net position on the statement of net position includes the following:

Net investment in capital assets -- the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, net of premiums and discounts, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for debt service -- the component of net position that reports the difference between assets and liabilities with constraints placed on their use by the bond covenants.

Restricted for federal and state grants -- the component of net position that reports the difference between assets and liabilities with constraints placed on their use by the U.S. Department of Agriculture or other federal and state agencies.

Unrestricted -- the difference between the assets and liabilities that is not reported in net position net investment in capital assets, net position restricted for federal and state grants, net position restricted for food service or net position restricted for debt service.

2. Governmental Fund Financial Statements

Fund balance classifications, under GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions* (GASB 54) are: nonspendable, restricted, committed, assigned, and unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. In accordance with GASB 54, the District classifies governmental fund balances as follows:

Rockwall Independent School District

Notes to the Basic Financial Statements

Nonspendable -- includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories and prepaid items.

Restricted -- includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes the child nutrition program, retirement of long term debt, construction programs and other federal and state grants.

Committed -- includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passed by the District's Board of Trustees. This classification includes campus activity funds, local special revenue funds and potential litigation, claims and judgments. Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally.

Assigned -- includes fund balance amounts that are self-imposed by the District to be used for a particular purpose. Fund balance can be assigned by the District's Board, the Superintendent, or the Assistant Superintendent of Finance and Human Resources. This classification includes insurance deductibles, encumbrances, program start-up costs, projected budget deficit for subsequent years and other legal uses.

Unassigned -- includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The order of spending is to first use committed fund balance, then assigned fund balance, and last of all, unassigned fund balance. Restricted fund balance will be used before the unrestricted portion.

3. Interfund Activities

Interfund activity results from loans, service provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses.

Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and transfers out are netted and presented as a single "transfer" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "internal balances" line of government-wide statement of net position.

4. Data Control Codes

Data control codes refer to the account code structure prescribed by the Agency in the Resource Guide. The Agency requires the District to display these codes in its financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

Rockwall Independent School District

Notes to the Basic Financial Statements

5. Account Code Reporting

In accordance with Texas Education Code, Chapter 44, Subchapter A, the District adopted and implemented an accounting system which at least meets the minimum requirements prescribed by the State Board of Education and approved by the state auditor. The District's accounting system uses codes and the code structure presented in the accounting code section of the *Resource Guide*. Mandatory codes are utilized in the form provided in that section.

6. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimates as of June 30, 2022 will change.

7. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

8. Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

GASB Pronouncements implemented by the District

GASB Statement No. 87, *Leases*. This Statement was issued in June 2017 and provides guidance to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement had no significant impact to the District.

Note 2. Cash, Cash Equivalents and Investments

The funds of the District must be deposited and invested under the terms of a depository contract, contents of which are set out in the Depository Contract Law.

Rockwall Independent School District

Notes to the Basic Financial Statements

The Public Funds Investment Act (Government Code Chapter 2256) (the Act) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity, allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes and the District's investment policy authorized the District to invest in the following investments as summarized in the table below:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury obligations	10 years	None	None
U.S. agencies securities	10 years	None	None
Certificates of deposits	n/a	None	None
Fully collateralized repurchase agreements	90 days	None	None
Securities lending program	1 year	None	None
Banker's acceptance	270 days	None	None
Commercial paper	270 days	None	None
No-load money market mutual funds	90 days	None	None
No-load mutual funds	2 years	None	None
Guaranteed investment contracts	5 years	None	None
Public funds investment pools	n/a	None	None

The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Rockwall Independent School District

Notes to the Basic Financial Statements

District's investments are in investment pools and are not subject to fair value measurement as presented in the table below. The District's investment balances and weighted average maturity of such investments are as follows:

Investment Type	June 30, 2022	Fair Value Measurements Using			Percent of Total Investments	Weighted Average Maturity (Days)
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Investments measured at Amortized cost:						
Investment pools:						
TexPool	\$ 9,418,754	\$ -	\$ -	\$ -	4%	25 days
Investments measured at Net asset value:						
Investment pools:						
Texas CLASS	11,286,549	-	-	-	5%	32 days
Lone Star Corporate Overnight Plus Fund	197,028,883	-	-	-	93%	14 days
Investment derivative instrument						
Interest rate swap	(5,217,586)	-	(5,217,586)	-		
Total value	\$ 212,516,600	\$ -	\$ (5,217,586)	\$ -		

The investment in derivative instrument is classified as level 2 of the fair value hierarchy and is valued using the zero coupon method. This method calculates the future net settlement payments, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. For more information on this interest rate swap agreement, see Note 7.B.

Investment Pools are measured at amortized cost or net asset value and are exempt for fair value reporting.

The Lone Star Investment Pool is an investment pool available to governmental entities. The pool was established under the guidance of the Texas Public Funds Investment Act. A board of directors made up of members of the pool is responsible for the overall operation of the pool. The Board has employed various third party organizations to assist in the operations. These third parties are as follows: American Beacon Advisors- Investment Managers, CAPTRUST Financial Advisors- Investment Consultant, State Street Bank- Custodian, and First Public- Administration. In combination with these third party organizations, the pool has received an AAA rating from Standard & Poor's. This rating allows the pool to meet the standards required by the Texas Public Funds Investment Act.

The Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) was created as an investment pool for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code. The Texas CLASS Trust Agreement (Trust) is an agreement of indefinite term regarding the investment, reinvestment and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate (the Participants), MBIA Municipal Investors Service Corporation as Program Administrator (the Program Administrator) and Wells Fargo Bank Texas, NA as Custodian (the Custodian).

Texas CLASS is supervised by a Board of Trustees who are elected by the Participants. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian, and the Program Administrator. The Board administers the affairs of the Trust. It also selects the consultants for Texas CLASS, including the Program Administrator and the Custodian.

Rockwall Independent School District

Notes to the Basic Financial Statements

The Board of Trustees has appointed an Advisory Board composed of Participants and other persons who do not have a business relationship with the Trust and are qualified to advise the Trust. The Advisory Board provides advice to the Board of Trustees and the Program Administrator about the investment policy and investment strategy of the Trust and about other matters as requested by the Board of Trustees and the Program Administrator.

The Fund is rated AAA by Standard & Poor's rating agency. This rating is the highest principal stability fund rating assigned by Standard & Poor's.

The District is a voluntary participant in TexPool. The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters.

Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than the market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

TexPool is rated AAAM by Standard & Poor's rating agency. This rating is the highest principal stability fund rating assigned by Standard & Poor's.

The following table categorizes the District's investments at June 30, 2022:

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End
Lone Star Corporate Overnight Plus Fund	\$ 197,028,883	AAA/AAAm	AAA
Texas CLASS	11,286,549	AAA/AAAm	AAAm
TexPool	<u>9,418,754</u>	AAA/AAAm	AAAm
Total cash equivalents	<u>\$ 217,734,186</u>		

At June 30, 2022, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$3,271,637 and the bank balance was \$4,272,303. The District's cash deposits as of and during the year ended June 30, 2022 were covered by the FDIC and pledged securities.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: American National Bank.
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$17,673,911.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$16,620,228 and occurred on September 23, 2021.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

Rockwall Independent School District

Notes to the Basic Financial Statements

Cash and investments as of June 30, 2022 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	\$ 220,624,513
Fiduciary funds:	
Cash and cash equivalents	<u>378,421</u>
Total cash and cash equivalents	<u>\$ 221,002,934</u>

Cash and investments as of June 30, 2022 consist of the following:

Cash on hand	\$ 39,572
Deposits with financial institutions	3,229,176
Cash equivalents	<u>217,734,186</u>
Total cash and investments	<u>\$ 221,002,934</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The table on the previous page presents the minimum rating required by (where applicable) the Public Funds Investment Act, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type held by the District.

A. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Investments held by third parties were fully collateralized and held in the District's name.

B. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. As of June 30, 2022 the District did not invest in any securities which are highly sensitive to interest rate fluctuations.

D. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Rockwall Independent School District

Notes to the Basic Financial Statements

Note 3. Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. The District also receives federal grants from the Region X Service Center. In addition, the District receives entitlements from the state through the school foundation and per capita programs. Amounts due from federal and state governments as of June 30, 2022 are summarized below. All federal grants shown below are passed through the Agency and are reported on the balance sheet as due from other governments. Furthermore, there are times whenever overpayment is received from a state agency and money may be due to other governments.

Purpose	General Fund	Child Nutrition Fund	Debt Service Fund	Nonmajor Funds	Total
State entitlement	\$ 8,466,306	\$ -	\$ -	\$ -	\$ 8,466,306
Federal grants	1,039,017	17,606	-	528,411	1,585,034
State grants	-	-	-	256,465	256,465
Other	599,924	-	242,825	-	842,749
	<u>\$ 10,105,247</u>	<u>\$ 17,606</u>	<u>\$ 242,825</u>	<u>\$ 784,876</u>	<u>\$ 11,150,554</u>

Note 4. Interfund Receivables, Payables, and Transfers

Interfund balances at June 30, 2022 consisted of the following individual fund receivables and payables:

Payable Fund	Receivable Fund	Amount	Primary Purpose
Nonmajor Governmental Funds	General Fund	\$ 449,153	To cover cash shortage
Enterprise Fund	General Fund	166	To cover cash shortage
Nonmajor Governmental Funds	Child Nutrition Fund	544	To cover cash shortage
Child Nutrition Fund	General Fund	1,101	To cover cash shortage
Nonmajor Governmental Funds	Nonmajor Governmental Funds	511	To cover cash shortage
		<u>\$ 451,475</u>	

All amounts due are scheduled to be repaid within one year.

The detail transfer schedule for the fiscal year ended June 30, 2022 includes the following:

Transfer In:	Transfer Out:	Amount	Purpose
General Fund	Child Nutrition Fund	\$ 1,093,192	BOT Approved TRF
General Fund	Enterprise Funds	500,000	BOT Approved TRF
		<u>\$ 1,593,192</u>	

Rockwall Independent School District
Notes to the Basic Financial Statements

Note 5. Capital Asset Activity

Capital asset activity for the District for the fiscal year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 20,309,012	\$ 50,000	\$ -	\$ -	\$ 20,359,012
Construction in progress	37,644,490	11,404,572	-	(45,125,216)	3,923,846
Total capital assets not being depreciated	57,953,502	11,454,572	-	(45,125,216)	24,282,858
Capital assets being depreciated:					
Buildings and improvements	639,120,926	1,629,340	-	45,125,216	685,875,482
Furniture and equipment	28,552,551	1,294,427	-	-	29,846,978
Total capital assets being depreciated	667,673,477	2,923,767	-	45,125,216	715,722,460
Less accumulated depreciation for:					
Buildings and improvements	(273,332,538)	(25,658,674)	-	-	(298,991,212)
Furniture and equipment	(19,571,311)	(1,843,121)	-	-	(21,414,432)
Total accumulated depreciation	(292,903,849)	(27,501,795)	-	-	(320,405,644)
Total capital assets being depreciated, net	374,769,628	(24,578,028)	-	45,125,216	395,316,816
Governmental activities capital assets, net	\$ 432,723,130	\$ (13,123,456)	\$ -	\$ -	\$ 419,599,674
Business-type activities:					
Capital assets being depreciated:					
Furniture and equipment	\$ 548,230	\$ -	\$ -	\$ -	\$ 548,230
Total capital assets being depreciated	548,230	-	-	-	548,230
Less accumulated depreciation for:					
Furniture and equipment	(353,207)	(26,650)	-	-	(379,857)
Total accumulated depreciation	(353,207)	(26,650)	-	-	(379,857)
Total capital assets being depreciated, net	195,023	(26,650)	-	-	168,373
Business-type activities capital assets, net	\$ 195,023	\$ (26,650)	\$ -	\$ -	\$ 168,373

Rockwall Independent School District
Notes to the Basic Financial Statements

Depreciation expense was charged to governmental functions as follows:

Function	Depreciation
Instruction	\$ 14,934,346
Instructional resources and media services	939,818
School leadership	378,842
Guidance, counseling and evaluation services	87,640
Health services	598,999
Pupil transportation	664,862
Food services	2,070,039
Co-curricular/ Extracurricular activities	6,752,316
General administration	56,446
Plant maintenance and operations	508,592
Security and monitoring services	226,134
Data processing services	283,761
Total governmental activities depreciation expense	\$ 27,501,795
Sports marketing	\$ 26,650
Total business-type activities depreciation expense	\$ 26,650

A. Construction Commitments

The District had several active construction projects as of June 30, 2022. Projects included land purchase, new school construction, additions to buildings and renovation or upgrades of existing facilities. Expenses through June 30, 2022 and estimated future expenditures for capital projects are funded from operating and capital project funds, unexpended bond proceeds and additional general obligation bonds. The following summarizes the projects in process at year end:

Project	Estimated Total Cost	Project Expenditures	
		Incurred through 6/30/22	Estimated Future Expenditures
2021 Bond Authorization projects	\$ 475,845,000	\$ 2,219,366	\$473,625,634
2015 Bond Authorization projects	256,816,107	237,626,481	20,019,440
2007 Bond Authorization projects	26,200,000	32,768,314	-
Facility Improvement Program - 21-22 Projects:	6,009,558	5,476,445	778,208

The 2015 and 2007 Bond Authorization projects include additional board approved projects utilizing bond savings. The Facility Improvement Program 21-22 Projects includes winter storm repair expenditures that were offset by insurance proceeds.

Rockwall Independent School District
Notes to the Basic Financial Statements

Note 6. Unearned and Unavailable Revenue

Unearned and unavailable revenue reported in the governmental funds at year end consisted of the following:

	General Fund	Child Nutrition Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Net tax unavailable revenue	\$ 1,996,544	\$ -	\$ 696,930	\$ -	\$ 2,693,474
SHARS unavailable revenue	979,861	-	-	-	979,861
Total deferred inflows	\$ 2,976,405	\$ -	\$ 696,930	\$ -	\$ 3,673,335
Other unearned revenues	\$ 25,613	\$ 252,443	\$ -	\$ 278,932	\$ 556,988
Total unearned revenues	\$ 25,613	\$ 252,443	\$ -	\$ 278,932	\$ 556,988

Revenue that is not considered available at year end is reported as a deferred inflow of resources in the governmental funds and is recorded as revenue in the government-wide financial statements. Accordingly, tax, state aid, and SHARS unavailable revenues are reported as revenue in the government-wide financial statements.

Note 7. Long-Term Liabilities

A. Unlimited Tax Bonds

Long-term obligation activities during the year ended June 30, 2022 were as follows:

	Beginning Balance	Additions	Reductions/ Refunded	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable:					
General obligation bonds	\$ 514,758,573	\$ 82,295,000	\$ (9,460,134)	\$ 587,593,439	\$ 10,883,569
Accreted interest	76,736,088	1,998,209	(13,169,866)	65,564,431	11,061,431
Bond premium (discount)	23,419,739	11,472,172	(2,599,458)	32,292,453	-
Total bonds payable	\$ 614,914,400	\$ 95,765,381	\$ (25,229,458)	\$ 685,450,323	\$ 21,945,000
Net pension liability	37,439,933	-	(19,960,776)	17,479,157	-
Net OPEB liability	39,401,475	4,984,478	(4,823,757)	39,562,196	-
Total long-term liabilities	\$ 691,755,808	\$ 100,749,859	\$ (50,013,991)	\$ 742,491,676	\$ 21,945,000

The District issues unlimited tax bonds for the governmental activities to provide funds for the acquisition and construction of major capital facilities. Unlimited tax bonds are direct obligations and pledge the full faith and credit of the District. Bonded indebtedness of the District is reflected in the statement of net position. The bonds issued require the District to levy an ad valorem tax annually to retire the current maturities.

Rockwall Independent School District

Notes to the Basic Financial Statements

On January 12, 2022, the District issued "Rockwall Independent School District Unlimited Tax School Building Bonds, Series 2022," totaling \$82,295,000. These bonds incur an average cost over the life of the bonds at a rate of 3.00-5.00% and mature annually with semi-annual interest payments. The proceeds were used to construct and renovate school buildings and to purchase new school buses. The bonds will fully mature in 2052.

In prior years, the District issued refunding bonds for the purpose of generating resources and decreasing the total debt service payments. Placing the proceeds of the refunding bonds in an irrevocable trust has provided for all future debt service payments on the original bonds. As of June 30, 2022, the outstanding balance of defeased bonds is \$352,873,439.

Unlimited tax bonds outstanding as of June 30, 2022 are as follows:

Purpose and Lawful Authority	Interest Rate	Final Maturity	Amount	Amounts Outstanding 07/01/21	Issued	Retired/ Refunded	Amounts Outstanding 06/30/22	Interest Accretion 6/30/22
Variable Rate Unlimited Tax School Building Bonds, Series 2006	4.50% to 4.82%	2037	\$ 32,000,000	\$ 27,000,000	\$ -	\$ -	\$ 27,000,000	\$ -
Unlimited Tax School Building and Refunding Bonds, Series 2011	4.00% to 4.50%	2027	9,425,000	3,045,000	-	410,000	2,635,000	-
Unlimited Tax Refunding Bonds Series 2012	2.00% to 5.00%	2031	49,620,000	1,810,000	-	1,810,000	-	-
Unlimited Tax Refunding Bonds Series 2012A	2.00% to 4.00%	2032	9,280,000	2,745,000	-	975,000	1,770,000	-
Unlimited Tax Refunding Bonds Series 2015	1.86% to 3.98%	2037	89,568,204	48,980,815	-	1,082,446	47,898,369	26,794,158
Unlimited Tax Refunding Bonds Series 2015A	2.00 to 5.13%	2032	32,193,467	27,206,885	-	27,466	27,179,419	13,252,113
Unlimited Tax School Building Bonds, Series 2016	2.00 to 5.00%	2046	107,960,000	500,000	-	100,000	400,000	-
Unlimited Tax School Building Bonds, Series 2017	2.00 to 5.00%	2047	69,555,000	68,875,000	-	590,000	68,285,000	-
Unlimited Tax Refunding Bonds Series 2017A	4.00% to 5.00%	2042	37,300,000	36,860,000	-	1,975,000	34,885,000	-
Unlimited Tax School Building Bonds, Series 2018	4.00% to 5.00%	2048	42,605,000	42,325,000	-	380,000	41,945,000	-
Unlimited Tax Refunding Bonds Series 2019	2.52% to 4.00%	2042	81,569,977	80,800,001	-	-	80,800,001	-
Unlimited Tax Refunding Bonds Series 2020	1.696% to 5.00%	2046	163,789,812	159,040,872	-	1,335,222	157,705,650	-
Unlimited Tax School Building Bonds, Series 2020	4.00% to 5.00%	2050	16,985,000	15,570,000	-	775,000	14,795,000	25,518,160
Unlimited Tax School Building Bonds, Series 2022	3.00% to 5.00%	2052	82,295,000	-	82,295,000	-	82,295,000	-
				<u>\$ 514,758,573</u>	<u>\$ 82,295,000</u>	<u>\$ 9,460,134</u>	<u>\$ 587,593,439</u>	<u>\$ 65,564,431</u>

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Debt service requirements are as follows:

Year Ending June 30,	Principal Requirements	Interest Requirements	Total Requirements
2023	\$ 10,883,569	\$ 10,493,079	\$ 21,376,648
2024	9,857,322	31,818,087	41,675,409
2025	18,013,093	32,221,098	50,234,191
2026	18,862,974	25,316,025	44,178,999
2027	18,985,515	22,906,944	41,892,459
2028 - 2032	81,355,966	113,875,290	195,231,256
2033 - 2037	119,830,000	81,507,400	201,337,400
2038 - 2042	122,590,000	47,508,531	170,098,531
2043 - 2047	147,880,000	25,047,706	172,927,706
2048 - 2052	39,335,000	5,319,725	44,654,725
	<u>\$ 587,593,439</u>	<u>\$ 396,013,885</u>	<u>\$ 983,607,324</u>

There are a number of limitations and restrictions contained in the unlimited tax school building and refunding bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2022.

Voters have authorized the issuance of additional bonds for construction and improvements. The following represents these authorizations:

Date of Authorization	Amount Authorized	Amount Issued	Remaining Unissued
November 02, 2021	\$ 475,845,000	\$ 75,000,000	\$ 400,845,000

B. Interest Rate Swap Agreement

Objective

The objective of the swap is to hedge against the potential of rising rates associated with the District's Variable Rate Unlimited Tax School Building Bonds, Series 2006 (Series 2006 Bonds).

Terms

The notional amount totals \$27,000,000, the principal amount of the Series 2006 Bonds. The District's swap agreement contains scheduled reductions to outstanding notional amounts that follow anticipated payments of principal of the Series 2006 Bonds in varying amounts during the years 2031 through 2036.

Under the terms of the swap, the District is obligated to make payments to JP Morgan Chase Bank (JPMCB) at a fixed rate of 3.853% per annum, and JPMCB is obligated to make floating rate payments to the District calculated on a notional amount that is equal to the hedge portion of the Series 2006 Bonds at a rate equal to 62.5% of the 5-year constant maturity swap rate (a reported market fixed rate at which 5-year interest rate swaps for a one-month U.S. dollar LIBOR rate are entered into from time to time). The Series 2006 Bonds and the 2006 Swap Agreement have a stated final maturity date of June 1, 2037. On August 11, 2010 the terms were amended to the floating rate from 68% of 1 month LIBOR to 68% of LIBOR.

Rockwall Independent School District

Notes to the Basic Financial Statements

Interest in the maturity schedule was calculated at a rate, representing the sum of: (a) the actual fixed payment swap rate of 3.853% pursuant to the 2006 Swap Agreement; (b) the estimated cost of the liquidity facility for the Series 2006 Bonds (0.120%); (c) the estimated cost of remarketing the Series 2006 Bonds (0.125%); and (d) 0.72% per year to offset the potential differences between the floating rates payable to the District pursuant to the 2006 Swap Agreement and the actual interest rates payable by the District on the Series 2006 Bonds.

Arrangements made in respect of the 2006 Swap Agreement do not alter the District's obligation to pay principal of and interest on the Series 2006 Bonds. The 2006 Swap Agreement does not provide a source of security or other credit for the Series 2006 Bonds. The District's obligations under the 2006 Swap Agreement are secured by a levy of an annual ad valorem tax on parity with the District's obligation to pay principal and interest on the Series 2006 Bonds.

The District applies GASB Statement No. 53 – Accounting and Financial Reporting for Derivative Instruments, which addresses the recognition, measurement, and disclosures related to derivative instruments. The District evaluated all potential hedging derivative instruments for effectiveness utilizing the regression method as of June 30, 2022 and determined the derivatives to be effective in substantially offsetting the change in cash flows of the hedgeable items. These derivatives act as cash flow hedges.

Fair Value

Because long-term interest rates have changed since inception of the swaps, the swaps had a negative fair value of \$5,217,586 or a positive change of \$4,390,124. Fair market value is determined to be the amount the District would have paid, should the swap have terminated at June 30, 2022.

Credit Risk

As of June 30, 2022, the District was not exposed to credit risk with JPMCB on the 2006 Swap Agreement because the swap has a negative fair value. However, should interest rates change so that the fair value of the 2006 Swap Agreement became positive, the District would be exposed to credit risk in the amount of the fair value of the 2006 Swap Agreement.

As of June 30, 2022, JPMCB was rated Aa3 and A+ by Moody's Investors Service (Moody's) and Standard & Poor's (S&P), respectively.

Termination Risk

The 2006 Swap Agreement is subject to mandatory termination in the event of default or as follows:

If the ratings assigned to the District's unenhanced long-term debt obligations are withdrawn or reduced to Baa3 by Moody's or BBB- by S&P, or if the ratings assigned to JPMCB's unenhanced long-term debt obligations are withdrawn or reduced to Baa3 by Moody's or BBB- by S&P.

The 2006 Swap Agreement is also subject to optional termination by the District at any time over the term of the 2006 Swap Agreement at the then prevailing market value. JPMCB does not have the elective right to optionally terminate the 2006 Swap Agreement.

Swap Payments and Associated Debt

The debt service requirements of the hedged portion of the Series 2006 Bonds are included in the debt service maturity schedule on page 50. As interest rates change in the future, the differences between the floating rates payable to the District under the 2006 Swap Agreements and the actual interest rates payable by the District on the Series 2006 Bonds will vary.

Rockwall Independent School District
Notes to the Basic Financial Statements

C. Cancellable and Short Term Leases

Commitments under cancellable or short term leases (noncapitalized) agreements for facilities and equipment are subject to fiscal funding clauses. As such, the agreements are cancelable and the District is therefore not obligated for minimum future rental payments as of June 30, 2022. The imputed interest on the leases is not readily determinable.

Note 8. General Fund Federal Source Revenues

During the current year, general fund federal source revenues consisted of the following:

Program or Source	Assistance Listing #	Amount
Indirect cost reimbursement	N/A	\$ 3,021,762
Medicare reimbursement (SHARS)	N/A	1,442,313
		<u>\$ 4,464,075</u>

Note 9. Revenue from Local and Intermediate Sources

During the year ended June 30, 2022, the District received revenues from local and intermediate sources consisting of the following:

	General Fund	Child Nutrition Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Property taxes-current	\$ 106,235,817	\$ -	\$ 43,502,253	\$ -	\$ -	\$ 149,738,070
Property taxes-delinquent	1,412,370	-	475,677	-	-	1,888,047
Penalties, interest, and other	652,066	-	230,157	-	-	882,223
Investment earnings	268,753	9,752	141,128	252,152	-	671,785
Food service income	-	1,384,743	-	-	-	1,384,743
Gifts and bequest	8,317	-	-	-	177,427	185,744
Co-curricular/extracurricular activities	742,727	-	-	-	599,322	1,342,049
Other	1,480,454	-	-	-	2,595,682	4,076,136
Total local revenue	<u>\$ 110,800,504</u>	<u>\$ 1,394,495</u>	<u>\$ 44,349,215</u>	<u>\$ 252,152</u>	<u>\$ 3,372,431</u>	<u>\$ 160,168,797</u>

Note 10. Receivables

Receivables at June 30, 2022 for the District's individual major funds and aggregate non major funds including any applicable allowances for uncollectible accounts are as follows:

	General Fund	Child Nutrition Fund	Debt Service Fund	Nonmajor Governmental Funds	Nonmajor Proprietary Funds	Total
Due from other governments	\$ 10,105,247	\$ 17,606	\$ 242,825	\$ 784,876	\$ -	\$ 11,150,554
Property taxes	2,637,916	-	1,001,623	-	-	3,639,539
Other receivables	62,750	-	-	-	365,607	428,357
Less: Allowance for uncollectible accounts	(131,896)	-	(50,081)	-	(2,519)	(184,496)
Net receivables	<u>\$ 12,674,017</u>	<u>\$ 17,606</u>	<u>\$ 1,194,367</u>	<u>\$ 784,876</u>	<u>\$ 363,088</u>	<u>\$ 15,033,954</u>

Rockwall Independent School District

Notes to the Basic Financial Statements

Note 11. Employees' Retirement Plan

A. Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

B. Pension Plan Fiduciary Net Position

Detailed information about the TRS's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/Pages/about_archive_cafr.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

C. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity, except for members who are grandfathered where the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic postemployment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as previously noted in the Plan Description above.

D. Contributions

Employee contribution rates are set in state statute, Texas Government Code 825.402. Contribution requirements are established or amended pursuant to Article XVI, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Rockwall Independent School District

Notes to the Basic Financial Statements

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2022	2021
Member	8.00%	7.70%
Non-employer contributing entity (State)	7.75%	7.50%
Employers (District)	7.75%	7.50%

The contribution amounts for the District's fiscal year 2022 are as follows:

Contributions:	
2022 Employer contributions	\$ 3,535,617
2022 Member contributions	8,608,721
2022 NECE on-behalf contributions	5,311,843

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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Notes to the Basic Financial Statements

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- Public education employer contribution - all public schools, charter schools and regional education service centers must contribute 1.5% of the member's salary beginning in September 1, 2019, gradually increasing to 2.0% on September 1, 2024.

E. Actuarial Assumptions

The actuarial valuation of the total pension liability was performed as of August 31, 2020. Update procedures were used to roll forward the total pension liability to August 31, 2021 and was determined using the following actuarial methods and assumptions:

Actuarial cost method	Individual entry age normal
Asset valuation method	Fair value
Single discount rate	7.25%
Long-term expected rate of return	7.25%
Municipal bond rate as of August 2021	1.95%. Source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in projection period (100 years)	2120
Inflation	2.30%
Salary increases	3.05% to 9.05% including inflation
Ad hoc post-employment benefit changes	None
Active mortality rates	Based on 90 percent of the RP 2014 Employee Mortality Tables for males and females with full generational mortality. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale U-MP.

The actuarial methods and assumptions are primarily based on a study of actual experience for the three year period ending August 31, 2017 and adopted in July 2018.

Rockwall Independent School District

Notes to the Basic Financial Statements

F. Discount Rate

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity will be made at the statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2021 are summarized below:

Asset Class*	Target Allocation**	Long-term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global equity:			
U.S.	18.00%	3.60%	0.94%
Non-U.S. developed	13.00%	4.40%	0.83%
Emerging markets	9.00%	4.60%	0.74%
Private equity	14.00%	6.30%	1.36%
Stable value:			
Government bonds	16.00%	-0.20%	0.01%
Absolute return	-	1.10%	-
Stable value hedge funds	5.00%	2.20%	0.12%
Real return:			
Real estate	15.00%	4.50%	1.00%
Energy, natural resources and infrastructure	6.00%	4.70%	0.35%
Commodities	-	1.70%	-
Risk parity:			
Risk parity	8.00%	2.80%	0.28%
Asset allocation leverage:			
Cash	2.00%	-0.70%	-0.01%
Asset allocation leverage	-6.00%	-0.50%	0.03%
Inflation expectation			2.20%
Volatility drag****			-0.95%
Totals	100.00%		6.90%

*Absolute return includes credit sensitive investments.

**Target allocations are based on the FY 2021 policy model.

***Capital market assumptions come from Aon Hewitt (as of 8/31/2021).

****The volatility drag results from the conversion between arithmetic and geometric mean returns.

Rockwall Independent School District

Notes to the Basic Financial Statements

G. Discount Rate Sensitivity Analysis

The following table presents the District's proportionate share of the TRS net pension liability calculated using the discount rate of 7.25%, as well as what the District's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	\$ 38,194,733	\$ 17,479,157	\$ 672,537

H. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the District reported a liability of \$17,479,157 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 17,479,157
State's proportionate share that is associated with District	<u>36,374,106</u>
Total	<u>\$ 53,853,263</u>

The net pension liability was measured as of August 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as August 31, 2020 rolled forward to August 31, 2021. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2020 through August 31, 2021. The net pension liability is typically liquidated by the General Fund.

At the measurement date of August 31, 2021 the District's proportion of the collective net pension liability was 0.06863599% which was a decrease of 0.001270% from its proportion measured as of August 31, 2020.

I. Changes Since the Prior Actuarial Valuation

There were no changes of assumptions that affected measurement of the total pension liability during the measurement period.

Rockwall Independent School District

Notes to the Basic Financial Statements

There were no changes of the benefit terms that affected measurement of the total pension liability during the measurement period.

For the fiscal year ended June 30, 2022, the District recognized pension expense of \$1,645,290 and revenue of \$145,419 for support provided by the State.

At June 30, 2022, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ 29,251	\$ (1,230,546)
Changes in actuarial assumptions	6,178,541	(2,693,314)
Difference between projected and actual investment earnings	-	(14,656,046)
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	852,319	(2,612,683)
Contributions paid to TRS subsequent to the measurement date	3,036,898	-
	<u>3,036,898</u>	<u>-</u>
Total	<u>\$ 10,097,009</u>	<u>\$ (21,192,589)</u>

\$3,036,898 reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Pension Expense (Income)
<u> </u>	<u> </u>
2023	\$ (2,352,308)
2024	(2,618,566)
2025	(3,858,135)
2026	(4,891,992)
2027	(348,910)
Thereafter	(62,567)
	<u>(62,567)</u>
Total	<u>\$ (14,132,478)</u>

Note 12. Defined Other Post-Employment Benefit Plan

A. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

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B. OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/Pages/about_archive_cafr.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

C. Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees of TRS is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052.

The premium rates for retirees are reflected in the following table:

TRS-Care Monthly Premium Rates

	Medicare	Non-Medicare
Retiree or surviving spouse	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree or surviving spouse and children	468	408
Retiree and family	1,020	999

D. Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the State's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

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Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2022	2021
Active employee	0.65%	0.65%
Non-employer contributing entity (State)	1.25%	1.25%
Employers (District)	0.75%	0.75%
Federal/private funding*	1.25%	1.25%

*Contributions paid from federal funds and private grants are remitted by the employer (District) and paid at the State rate.

The contribution amounts for the District's fiscal year 2022 are as follows:

2022 District contributions	\$	886,878
2022 Member contributions		699,459
2022 NECE on-behalf contributions (state)		1,272,793

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay TRS-Care a monthly surcharge of \$535 per retiree.

The State of Texas contributed \$342,297, \$454,845, and \$428,045, in 2022, 2021, and 2020, respectively, for on-behalf payments for Medicare Part D.

TRS-Care received a supplemental appropriation from the State of Texas as the Non-Employer Contributing Entity in the amount of \$5.5 million in fiscal year 2021 for consumer protections against medical health care billing by certain out-of-network providers.

E. Actuarial Assumptions

The actuarial valuation of the total OPEB liability was performed as of August 31, 2020. Update procedures were used to roll forward the total OPEB liability to August 31, 2021.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2021 TRS annual pension actuarial valuation:

Demographic Assumptions	Economic Assumptions
Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Salary increases
Rates of disability	

See Note 11 for detail on these assumptions. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The initial medical trend rates were 8.50% for Medicare retirees and 7.10% for non-Medicare retirees. There was an initial prescription drug trend rate of 8.50% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 12 years.

Rockwall Independent School District

Notes to the Basic Financial Statements

The following methods and additional assumptions were used in the TRS-Care OPEB valuation:

Actuarial cost method	Individual entry age normal
Single discount rate	1.95%
Aging factors	Based on plan specific experience
Election rates	Normal retirement: 65% participation prior to age 65 and 40% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Ad hoc post-employment benefit changes	None

F. Discount Rate

A single discount rate of 1.95% was used to measure the total OPEB liability at August 31, 2021. This was a decrease of 0.38% in the discount rate since the August 31, 2020 measurement date. The plan is essentially a "pay-as-you-go" plan, and based on the assumption that contributions are made at the statutorily required rates, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments to current members and therefore, the single discount rate is equal to the prevailing municipal bond rate. The source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2021.

Rockwall Independent School District

Notes to the Basic Financial Statements

G. Sensitivity of the Net OPEB Liability

Discount Rate

The following table presents the District's proportionate share of the TRS-Care net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that was 1% less than and 1% greater than the discount rate that was used (1.95%) in measuring the net OPEB liability.

Sensitivity of the Net OPEB Liability
to the Single Discount Rate Assumptions

1% Decrease (1.33%)	Current Single Discount Rate (1.95%)	1% Increase (3.33%)
\$ 47,721,124	\$ 39,562,196	\$ 33,140,854

Healthcare Cost Trend Rates

The following table presents the District's proportionate share of net OPEB liability using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed health-care cost trend rate:

Sensitivity of the Net OPEB Liability to
the Healthcare Cost Trend Rate Assumptions

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 32,044,068	\$ 39,562,196	\$ 49,649,656

H. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2022, the District reported a liability of \$39,562,196 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ 39,562,196
State's proportionate share of the net OPEB liability associated with the District	53,004,526
Total	\$ 92,566,722

The net OPEB liability was measured as of August 31, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as August 31, 2020 rolled forward to August 31, 2021. The District's proportion of the net OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2020 through August 31, 2021. The net OPEB liability is typically liquidated by the General Fund.

Rockwall Independent School District

Notes to the Basic Financial Statements

At August 31, 2021 the employer's proportion of the collective Net OPEB Liability was 0.1025601% which was a decrease of 0.001088% from its proportion measured as of August 31, 2020.

Changes Since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

- The discount rate changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021. This change increased the total OPEB liability.

Change of Benefit Terms Since the Prior Measurement Date

There were no changes in benefit terms since the prior measurement date.

For the fiscal year ended June 30, 2022, the District recognized negative OPEB expense of \$3,006,199 and revenue of \$1,956,272 for support provided by the State.

At June 30, 2022, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ 1,703,340	\$ (19,150,870)
Changes of assumptions	4,381,978	(8,366,672)
Net difference between projected and actual earnings on investments	42,952	-
Changes in proportion and differences between District contributions and proportionate share of contributions (cost-sharing plan)	2,744,541	(1,613,267)
District contributions after measurement date	<u>748,568</u>	<u>-</u>
Totals	<u><u>\$ 9,621,379</u></u>	<u><u>\$ (29,130,809)</u></u>

\$748,568 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
<u> </u>	
2023	\$ (3,892,148)
2024	(3,893,117)
2025	(3,892,851)
2026	(2,851,474)
2027	(1,441,620)
Thereafter	<u>(4,286,788)</u>
Total	<u><u>\$ (20,257,998)</u></u>

Rockwall Independent School District

Notes to the Basic Financial Statements

Note 13. Risk Management

A. Health Care

The District terminated the previously established health self insurance plan (Plan) beginning September 10, 2010. The plan will continue to pay claims until all are settled.

The District had a contract and inter-local agreement with United Healthcare, Inc. which limited the District's exposure on individual health claims incurred prior to October 1, 2008.

The latest financial statements available for United Healthcare, Inc. are filed with the Texas State Board of Insurance, Austin, Texas, and are public record. The District does not provide any post-retirement health benefits to its employees.

B. Unemployment Compensation Pool

During the year ended June 30, 2022, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Local Government Code. The Fund's Unemployment Compensation program is authorized by Section 22.005 of Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool members.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2021 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

C. Other Risk Management

The District is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2022, the District purchased commercial insurance to cover these liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Note 14. Commitments and Contingencies

The District is a party to various legal actions, none of which are believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying basic financial statements for such contingencies. The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2022 may be impaired.

Rockwall Independent School District

Notes to the Basic Financial Statements

In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

The Tax Reform Act of 1986 imposed regulations on tax-exempt bond issues. Governmental bonds issued after August 31, 1986 are subject to the rebate provisions of the Tax Reform Act of 1986. The rebate applies to earnings from bond issue proceeds investments that exceed bond issue stated interest rates. There is a complicated formula based on a five year history, therefore the exact amount of liability, if any, is not known until five years from the bond issuance date. Total rebate liability as of June 30, 2022 was \$50,911.

Note 15. New Accounting Pronouncements

GASB Statement No. 91: Conduit Debt Obligations. Statement 91 was issued in May 2019. This Statement establishes a single method of reporting conduit debt obligations by issuers to eliminate diversity in practice. This Standard becomes effective for the District in fiscal year in fiscal year 2023. The District has not yet determined the impact of this statement.

GASB Statement No. 94: Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Statement 94 was issued in March 2020. This Statement establishes standards of accounting and financial reporting for PPPs and APAs for governments. This Standard becomes effective for the District in fiscal year in fiscal year 2023. The District has not yet determined the impact of this statement.

GASB Statement No. 96: Subscription-Based Information Technology Arrangements. Statement 96 was issued in May 2020. This Statement establishes standards of accounting and financial reporting for Subscription-based information technology arrangements by a government end user (a government). This Standard becomes effective for the District in fiscal year in fiscal year 2023. The District has not yet determined the impact of this statement.

GASB Statement No. 97: Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32." **Statement 97** was issued in June 2020. This Statement modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. This Standard becomes effective for the District in fiscal year in fiscal year 2022. The District has not yet determined the impact of this statement.

Note 16. Nonmonetary Transactions

The District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$478,397. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$478,397 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

Rockwall Independent School District

Notes to the Basic Financial Statements

Note 17. Subsequent Event

On June 20, 2022, the Board of Trustees approved issuance of the "Rockwall Independent School District Unlimited Tax School Building Bonds, Series 2022A", in the amount of \$106,050,000 for the purpose of designing, constructing, improving, upgrading, updating and purchasing sites for school facilities and for the purchase of school buses and technology equipment. The Bonds were issued on July 15, 2022.

Required Supplementary Information

Rockwall Independent School District
 Budgetary Comparison Schedule – General Fund
 For the Fiscal Year Ended June 30, 2022

Exhibit G-1

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance With Final Budget
		Original	Final	GAAP BASIS Fund	Positive or (Negative)
REVENUES					
5700	Total local and intermediate sources	\$ 109,481,344	\$ 109,481,344	\$ 110,797,441	\$ 1,316,097
5800	State program revenues	38,108,209	38,108,209	44,308,769	6,200,560
5900	Federal program revenues	909,558	3,640,943	4,467,138	826,195
5020	Total revenues	148,499,111	151,230,496	159,573,348	8,342,852
EXPENDITURES					
Current:					
0011	Instruction	88,106,145	92,857,784	91,903,437	954,347
0012	Instructional resources and media services	1,916,188	2,019,547	1,973,588	45,959
0013	Curriculum and instructional staff development	4,764,783	3,346,744	3,127,790	218,954
0021	Instructional leadership	1,301,162	1,400,609	1,359,947	40,662
0023	School leadership	8,771,990	9,219,165	9,127,914	91,251
0031	Guidance, counseling, and evaluation services	6,662,536	4,974,110	4,687,013	287,097
0032	Social work services	335,868	379,868	351,444	28,424
0033	Health services	2,044,544	2,258,165	2,076,005	182,160
0034	Student (pupil) transportation	5,323,274	6,325,897	6,285,466	40,431
0036	Cocurricular/extracurricular activities	4,359,557	4,662,686	4,661,141	1,545
0041	General administration	4,574,187	4,794,508	4,689,575	104,933
0051	Plant maintenance and operations	16,321,496	18,732,778	18,169,320	563,458
0052	Security and monitoring services	1,873,460	2,239,597	2,236,359	3,238
0053	Data processing services	3,076,532	3,231,363	3,229,075	2,288
0061	Community services	57,800	62,800	40,057	22,743
0099	Other intergovernmental charges	1,532,000	1,572,000	1,543,542	28,458
6030	Total expenditures	151,021,522	158,077,621	155,461,673	2,615,948
1100	Excess (deficiency) of revenues over (under) expenditures	(2,522,411)	(6,847,125)	4,111,675	10,958,800
OTHER FINANCING SOURCES (USES) :					
7915	Transfers in	940,000	940,000	1,593,192	653,192
7080	Total other financing sources (uses)	940,000	940,000	1,593,192	653,192
7919	Extraordinary items - hail damage repair	-	(409,807)	(604,615)	(194,808)
1200	Net change in fund balances	(1,582,411)	(5,907,125)	5,100,252	11,417,184
0100	Fund balance - July 1 (beginning)	72,506,423	72,506,423	72,506,423	-
3000	FUND BALANCE - JUNE 30 (ENDING)	\$ 70,924,012	\$ 66,599,298	\$ 77,606,675	\$ 11,417,184

Rockwall Independent School District
 Budgetary Comparison Schedule – Child Nutrition Fund
 For the Fiscal Year Ended June 30, 2022

Exhibit G-2

Data Control Codes		Budgeted Amounts		Actual Amounts GAAP BASIS Fund	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Total local and intermediate sources	\$ 1,624,488	\$ 1,624,488	\$ 1,394,495	\$ (229,993)
5800	State program revenues	-	-	206,528	206,528
5900	Federal program revenues	6,816,501	6,816,501	9,665,353	2,848,852
5020	Total revenues	8,440,989	8,440,989	11,266,376	2,825,387
EXPENDITURES					
0035	Food service	8,430,304	8,865,304	7,946,933	918,371
0093	Payments to member districts of SSA	10,685	10,685	10,685	-
6030	Total expenditures	8,440,989	8,875,989	7,957,618	918,371
1100	Excess (deficiency) of revenues over (under) expenditures	-	(435,000)	3,308,758	3,743,758
OTHER FINANCING USES					
8911	Transfers out	(240,000)	(240,000)	(1,093,192)	(853,192)
6030	Total other financing uses	(240,000)	(240,000)	(1,093,192)	(853,192)
1200	Net change in fund balances	(240,000)	(675,000)	2,215,566	2,890,566
0100	Fund balance - July 1 (beginning)	1,785,890	1,785,890	1,785,890	-
3000	FUND BALANCE - JUNE 30 (ENDING)	\$ 1,545,890	\$ 1,110,890	\$ 4,001,456	\$ 2,890,566

Rockwall Independent School District

Schedule of the District's Proportionate Share of the Net Pension Liability - TRS For the Last Eight Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net pension liability	0.0686360%	0.0699055%	0.0765854%
District's proportionate share of net pension liability	\$ 17,479,157	\$ 37,439,933	\$ 39,811,495
States proportionate share of the net pension liability associated with the District	<u>36,374,106</u>	<u>74,886,740</u>	<u>71,026,015</u>
TOTALS	<u>\$ 53,853,263</u>	<u>\$ 112,326,673</u>	<u>\$ 110,837,510</u>
District's covered payroll	\$ 101,675,540	\$ 99,407,924	\$ 94,713,335
District's proportionate share of the net pension liability as a percentage of its covered payroll	17%	38%	42%
Plan fiduciary net position as a percentage of the total pension liability	88.79%	75.54%	75.24%

Note: GASB 68, 81,2,a requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of August 31, 2021 - the period from September 1, 2020 - August 31, 2021.

Note: Ten years of data is not available.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.0735503%	0.0744381%	0.0737156%	0.0725289%	0.0453196%
\$ 40,483,878	\$ 23,801,309	\$ 27,856,026	\$ 25,638,002	\$ 12,105,493
<u>75,253,136</u>	<u>44,716,694</u>	<u>51,129,846</u>	<u>49,558,520</u>	<u>42,347,090</u>
<u>\$ 115,737,014</u>	<u>\$ 68,518,003</u>	<u>\$ 78,985,872</u>	<u>\$ 75,196,522</u>	<u>\$ 54,452,583</u>
\$ 89,139,344	\$ 87,243,269	\$ 82,343,778	\$ 78,362,239	\$ 75,269,028
45%	27%	34%	33%	16%
73.74%	82.17%	78.00%	78.43%	83.25%

Rockwall Independent School District
 Schedule of the District's Contributions - TRS
 For the Last Eight Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contributions	\$ 2,077,890	\$ 1,589,048	\$ 1,679,943
Contributions in relation to the contractually required contributions	<u>(2,077,890)</u>	<u>(1,589,048)</u>	<u>(1,679,943)</u>
CONTRIBUTIONS DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 107,609,014	\$ 100,948,561	\$ 98,751,203
Contribution as a percentage of covered payroll	1.93%	1.57%	1.70%

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2020 - August 31, 2021.

Note: Ten years of data is not available.

2019	2018	2017	2016	2015
\$ 1,530,802	\$ 1,399,462	\$ 1,390,393	\$ 1,373,794	\$ 2,009,059
(1,530,802)	(1,399,462)	(1,390,393)	(1,373,794)	(2,009,059)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 93,809,596	\$ 88,789,854	\$ 86,453,007	\$ 81,771,581	\$ 77,683,359
1.63%	1.58%	1.61%	1.68%	2.59%

The Notes to the Required Supplementary Information are an integral part of this statement.

Rockwall Independent School District

Exhibit G-5

Schedule of the District's Proportionate Share of the Net OPEB Liability of a Cost-Sharing Multiple-Employer OPEB Plan Teacher Retirement System of Texas Last Five Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.102560572%	0.103648498%	0.105722627%	0.102197692%	0.098472187%
District's proportionate share of the net OPEB liability	\$ 39,562,196	\$ 39,401,475	\$ 49,997,522	\$ 51,028,243	\$ 42,821,860
State's proportionate share of the net OPEB liability associated with the District	<u>53,004,526</u>	<u>52,946,137</u>	<u>66,435,528</u>	<u>78,169,183</u>	<u>69,998,997</u>
TOTALS	<u>\$ 92,566,722</u>	<u>\$ 92,347,612</u>	<u>\$ 116,433,050</u>	<u>\$ 129,197,426</u>	<u>\$ 112,820,857</u>
District's covered payroll	\$ 101,675,540	\$ 99,407,924	\$ 94,713,335	\$ 89,139,344	\$ 87,243,269
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	38.91%	39.64%	52.79%	57.25%	49.08%
Plan fiduciary net position as a percentage of the total OPEB liability	6.18%	4.99%	2.66%	1.57%	0.91%

Note: The amounts presented for the fiscal year were determined as of the Plan's fiscal year end, August 31, of the prior year. Ten years of data is not available.

Rockwall Independent School District
 Schedule of the District's Contributions to the
 Teacher Retirement System of Texas OPEB Plan
 Last Five Fiscal Years

Exhibit G-6

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
TRS					
Contractually required contributions	\$ 886,878	\$ 789,308	\$ 781,766	\$ 741,834	\$ 671,699
Contributions in relation to the contractually required contributions	<u>(886,878)</u>	<u>(789,308)</u>	<u>(781,766)</u>	<u>(741,834)</u>	<u>(671,699)</u>
CONTRIBUTIONS DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 107,609,014	\$ 100,948,561	\$ 98,751,203	\$ 93,809,596	\$ 88,789,854
Contribution as a percentage of covered payroll	0.82%	0.78%	0.79%	0.79%	0.76%

Note: The amounts presented for the fiscal year were determined as of the District's fiscal year end June 30. Ten years of data is not available.

Rockwall Independent School District

Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

Note 1. Budgetary Data

A. Budgetary Information

The official budget was prepared for adoption for the general, child nutrition, and debt service funds. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to June 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1.
2. A meeting of the Board is called for the purpose of adopting the proposed budget with public notice given at least 10 days prior to the meeting.
3. Prior to the expenditures of funds, the budget is adopted by the Board.

After adoption, the budget may be amended through action by the Board. Budget amendments are approved at the functional expenditure level. All amendments are before the fact and reflected in the official minutes of the Board. Budgets are controlled at the functional level by personnel responsible for the organizational financial reporting. All budget appropriations lapse at the year end. Budget amendments throughout the year were not significant.

Combining Statements and Schedules



Rockwall

INDEPENDENT SCHOOL DISTRICT

Nonmajor Governmental Funds Combining Statements

Rockwall Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

Exhibit H-1

Data Control Codes		Federal Special Revenue Funds	State Special Revenue Funds	Local Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS					
1110	Cash and cash equivalents	\$ 1,235,278	\$ 148,486	\$ 1,922,601	\$ 3,306,365
1240	Due from other governments	528,411	256,465	-	784,876
1260	Due from other funds	-	-	511	511
1300	Inventories	-	-	2,769	2,769
1410	Prepaid items	-	13,074	-	13,074
1000	Total assets	<u>\$ 1,763,689</u>	<u>\$ 418,025</u>	<u>\$ 1,925,881</u>	<u>\$ 4,107,595</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts payable	\$ 99,263	\$ 10,932	\$ 24,962	\$ 135,157
2150	Payroll payable	185,374	32	3,892	189,298
2160	Accrued wages payable	1,003,603	-	27,825	1,031,428
2170	Due to other funds	196,517	253,652	39	450,208
2180	Due to other governments	-	-	263	263
2300	Unearned revenues	278,932	-	-	278,932
2000	Total liabilities	1,763,689	264,616	56,981	2,085,286
Fund balances:					
Nonspendable:					
3410	Inventory	-	-	2,769	2,769
3430	Prepaid expenditures	-	13,074	-	13,074
Restricted:					
3450	Grant funds	-	140,335	-	140,335
Committed:					
3545	Local special revenue	-	-	1,866,131	1,866,131
3000	Total fund balances	<u>-</u>	<u>153,409</u>	<u>1,868,900</u>	<u>2,022,309</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,763,689</u>	<u>\$ 418,025</u>	<u>\$ 1,925,881</u>	<u>\$ 4,107,595</u>

Rockwall Independent School District
Combining Statement of Revenues, Expenditures and Changes
in Fund Balance – Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2022

Exhibit H-2

Data Control Codes		Federal Special Revenue Funds	State Special Revenue Funds	Local Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES					
5700	Total local and intermediate sources	\$ -	\$ 255,954	\$ 3,116,477	\$ 3,372,431
5800	State program revenues	20,942	680,651	32,541	734,134
5900	Federal program revenues	11,372,187	-	-	11,372,187
5020	Total revenues	11,393,129	936,605	3,149,018	15,478,752
EXPENDITURES					
Current:					
0011	Instruction	4,363,459	665,847	1,099,340	6,128,646
0012	Instructional resources and media services	-	32,578	49,794	82,372
0013	Curriculum and staff development	2,618,188	15,172	19,089	2,652,449
0021	Instructional leadership	95,986	-	-	95,986
0023	School leadership	28,676	17,968	101,409	148,053
0031	Guidance, counseling, and evaluation services	3,162,320	4,800	14,400	3,181,520
0033	Health services	373,718	-	-	373,718
0035	Food services	-	36,818	-	36,818
0036	Cocurricular/extracurricular activities	-	-	1,518,840	1,518,840
0041	General administration	-	-	12,809	12,809
0051	Plant maintenance and operations	52,297	-	75,022	127,319
0052	Security and monitoring services	-	-	(7,180)	(7,180)
0053	Data processing services	686,085	183,141	-	869,226
0061	Community services	12,400	-	162	12,562
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	8,000	8,000
6030	Total expenditures	11,393,129	956,324	2,891,685	15,241,138
1200	Net change in fund balances	-	(19,719)	257,333	237,614
0100	Fund balance - July 1 (beginning)	-	173,128	1,611,567	1,784,695
3000	Fund balance - June 30 (ending)	\$ -	\$ 153,409	\$ 1,868,900	\$ 2,022,309



Rockwall

INDEPENDENT SCHOOL DISTRICT

Nonmajor Enterprise Funds Combining Statements

Rockwall Independent School District
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2022

Exhibit H-3

Data Control Codes		Business-Type Activities		
		Sports Marketing Fund	ROCK After School Program Fund	Total
	ASSETS			
	Current assets:			
1110	Cash and cash equivalents	\$ 17,439	\$ 858,063	\$ 875,502
1290	Other receivables, net	362,271	817	363,088
	Total current assets	379,710	858,880	1,238,590
	Noncurrent assets:			
1530	Furniture and equipment, net	168,373	-	168,373
	Total noncurrent assets	168,373	-	168,373
1000	Total assets	\$ 548,083	\$ 858,880	\$ 1,406,963
	LIABILITIES AND NET POSITION			
	Liabilities:			
2110	Accounts payable	\$ 125	\$ 2,729	\$ 2,854
2150	Payroll deductions and withholdings	-	2,515	2,515
2160	Accrued wages payable	-	50	50
2170	Due to other funds	-	166	166
2300	Unearned revenue	362,966	-	362,966
2000	Total liabilities	363,091	5,460	368,551
	Net position:			
3200	Investment in capital assets	168,373	-	168,373
3620	Unrestricted	16,619	853,420	870,039
3000	Total net position	184,992	853,420	1,038,412
4000	TOTAL LIABILITIES AND FUND BALANCES	\$ 548,083	\$ 858,880	\$ 1,406,963

Rockwall Independent School District

Exhibit H-4

Combining Statement of Revenues, Expenses and Changes
in Net Position – Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2022

Data Control Codes		Business-Type Activities		
		Sports Marketing Fund	ROCK After School Program Fund	Total
OPERATING REVENUES				
5700	Total local and intermediate sources	\$ 195,645	\$ 1,561,095	\$ 1,756,740
5800	State program revenues	-	62,831	62,831
5020	Total operating revenues	195,645	1,623,926	1,819,571
OPERATING EXPENSES				
6100	Payroll costs	-	1,057,789	1,057,789
6200	Professional and contracted services	91,368	23,028	114,396
6300	Supplies and materials	1,850	62,460	64,310
6400	Depreciation	26,650	-	26,650
6400	Other operating costs	8,611	92,562	101,173
6030	Total operating expenses	128,479	1,235,839	1,364,318
	Income before transfers	67,166	388,087	455,253
8911	Transfers out	(100,000)	(400,000)	(500,000)
1300	Change in net position	(32,834)	(11,913)	(44,747)
0100	Total net position, beginning (July 1)	217,826	865,333	1,083,159
3300	TOTAL NET POSITION, ENDING (JUNE 30)	\$ 184,992	\$ 853,420	\$ 1,038,412

Rockwall Independent School District
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2022

Exhibit H-5

	Business-Type Activities		
	Sports Marketing Fund	ROCK After School Program Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from user charges	\$ 319,529	\$ 1,561,234	\$ 1,880,763
Payments to employees	-	(1,057,785)	(1,057,785)
Payments to suppliers	-	(62,460)	(62,460)
Other payments	(231,392)	(53,567)	(284,959)
Net cash provided by operating activities	<u>88,137</u>	<u>387,422</u>	<u>475,559</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfers out	(100,000)	(400,000)	(500,000)
Net cash used in non-capital financing activities	(100,000)	(400,000)	(500,000)
Net decrease in cash and cash equivalents	(11,863)	(12,578)	(24,441)
Cash and cash equivalents at beginning of the year	29,302	870,641	899,943
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 17,439</u>	<u>\$ 858,063</u>	<u>\$ 875,502</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income:	\$ 67,166	\$ 388,087	\$ 455,253
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation expense	26,650	-	26,650
Effect of increases and decreases in current assets and liabilities:			
Other receivables	(124,884)	-	(124,884)
Accounts payable	(4,679)	139	(4,540)
Interfund payables	-	(808)	(808)
Accrued liabilities	-	4	4
Unearned revenue	123,884	-	123,884
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 88,137</u>	<u>\$ 387,422</u>	<u>\$ 475,559</u>

T.E.A. Required Schedules

Rockwall Independent School District
 Schedule of Delinquent Taxes Receivable
 For the Fiscal Year Ended June 30, 2022

Last Ten Years Ended June 30,	1	2	3
	Tax Rates		Net Assessed/Appraised Value For School Tax Purposes
	Maintenance	Debt Service	
2013 and prior years	Various	Various	Various
2014	1.0400	0.4200	6,973,258,049
2015	1.0400	0.4000	7,756,813,337
2016	1.0400	0.4000	8,237,025,065
2017	1.0400	0.4250	9,037,027,555
2018	1.0400	0.4000	8,624,101,389
2019	1.0400	0.3900	9,508,845,944
2020	0.9700	0.3800	10,298,916,593
2021	0.9400	0.3700	11,152,619,995
2022 (School year under audit)	0.9036	0.3700	11,920,214,359
1000 TOTALS			

Exhibit J-1

10 Beginning Balance 7/1/2021	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/2022
\$ 558,006	\$ -	\$ 31,006	\$ 11,935	\$ (12,727)	\$ 502,338
(22,628)	-	7,084	2,861	(724)	(33,297)
(12,117)	-	8,024	3,085	(539)	(23,765)
186,167	-	8,888	3,410	(3,079)	170,790
361,508	-	15,517	6,294	3,790	343,487
164,082	-	38,421	14,685	11,811	122,787
283,264	-	159,897	59,861	102,690	166,196
431,972	-	186,580	72,792	110,190	282,790
1,657,199	-	766,869	300,755	(186,622)	402,953
-	151,815,850	106,304,331	43,502,251	(304,008)	1,705,260
<u>\$ 3,607,453</u>	<u>\$ 151,815,850</u>	<u>\$ 107,526,617</u>	<u>\$ 43,977,929</u>	<u>\$ (279,218)</u>	<u>\$ 3,639,539</u>

Rockwall Independent School District
 Budgetary Comparison Schedule – Debt Service Fund
 For the Fiscal Year Ended June 30, 2022

Exhibit J-2

Data Control Codes		Budgeted Amounts		Actual Amounts GAAP BASIS Fund	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Total local and intermediate sources	\$ 43,980,383	\$ 43,980,383	\$ 44,349,215	\$ 368,832
5800	State program revenues	500,000	500,000	471,656	(28,344)
5020	Total revenues	44,480,383	44,480,383	44,820,871	340,488
EXPENDITURES					
0071	Debt service - principal on long-term debt	9,460,134	11,642,689	9,460,134	2,182,555
0072	Debt service - interest on long-term debt	31,383,684	29,201,130	31,187,683	(1,986,553)
0073	Debt service - bond issuance costs and fees	2,395,361	2,395,361	196,248	2,199,113
6030	Total expenditures	43,239,179	43,239,180	40,844,065	2,395,115
1200	Net change in fund balances	1,241,204	1,241,203	3,976,806	2,735,603
0100	Fund balance - July 1 (beginning)	22,817,771	22,817,771	22,817,771	-
3000	FUND BALANCE - JUNE 30 (ENDING)	\$ 24,058,975	\$ 24,058,974	\$ 26,794,577	\$ 2,735,603

<u>Data Codes</u>		<u>Responses</u>
Section A: Compensatory Education Programs		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 6,568,998
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 4,623,118
Section B: Bilingual Education Programs		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 1,002,780
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 525,871



Rockwall

INDEPENDENT SCHOOL DISTRICT

Rockwall Independent School District

Index for Statistical Section

This section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about Rockwall Independent School District's overall financial health.

Contents	Exhibits
Financial Trends Information These schedules contain trend information intended to help the reader understand how the district's financial position has changed over time.	S1 – S6
Revenue Capacity Information These schedules contain information intended to help the reader assess the district's most significant revenue source, state tax collections.	S7 – S10
Debt Capacity information These schedules contain information intended to assist users in understanding and assessing the district's current levels of outstanding debt and the ability to issue additional debt.	S11 – S13
Demographic and Economic information These schedules provide demographic and economic indicators intended to help the reader understand the socioeconomic environment within which the district's financial activities take place.	S14 – S15
Operating Information These schedules provide contextual information about the district's operations and resources intended to assist readers in using financial statement information to understand and assess the district's economic condition.	S16 – S19

Rockwall Independent School District

Net Position by Component

Last Ten Fiscal Years (Unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental Activities				
Net investment in capital assets	\$ (4,506,937)	\$ (9,843,204)	\$ (22,146,745)	\$ (50,600,171)
Restricted	10,415,814	12,112,318	6,629,448	10,298,420
Unrestricted	<u>(36,416,082)</u>	<u>(44,842,744)</u>	<u>(56,342,202)</u>	<u>(38,407,402)</u>
Total Governmental Net Position	<u>\$ (30,507,205)</u>	<u>\$ (42,573,630)</u>	<u>\$ (71,859,499)</u>	<u>\$ (78,709,153)</u>
Business Type Activities				
Net investment in capital assets	\$ 422,571	\$ 342,818	\$ 341,709	\$ 336,470
Restricted	-	-	-	-
Unrestricted	<u>139,846</u>	<u>87,875</u>	<u>84,575</u>	<u>48,015</u>
Total Business Type Activities	<u>\$ 562,417</u>	<u>\$ 430,693</u>	<u>\$ 426,284</u>	<u>\$ 384,485</u>
Total Primary Government				
Net investment in capital assets	\$ (4,084,366)	\$ (9,500,386)	\$ (21,805,036)	\$ (50,263,701)
Restricted	10,415,814	12,112,318	6,629,448	10,298,420
Unrestricted	<u>(36,276,236)</u>	<u>(44,754,869)</u>	<u>(56,257,627)</u>	<u>(38,359,387)</u>
Total Primary Government	<u>\$ (29,944,788)</u>	<u>\$ (42,142,937)</u>	<u>\$ (71,433,215)</u>	<u>\$ (78,324,668)</u>

Source: The Statement of Net Position for Rockwall Independent School District

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ (58,071,395)	\$ (71,719,278)	\$ (81,744,687)	\$ (97,423,782)	\$ (68,634,811)	\$ (82,342,240)
9,793,739	9,004,022	8,367,897	6,710,788	18,527,357	23,709,286
<u>(29,532,596)</u>	<u>(66,277,575)</u>	<u>(58,439,236)</u>	<u>(48,606,626)</u>	<u>(91,845,806)</u>	<u>(71,312,971)</u>
<u>\$ (77,810,252)</u>	<u>\$ (128,992,831)</u>	<u>\$ (131,816,026)</u>	<u>\$ (139,319,620)</u>	<u>\$ (141,953,260)</u>	<u>\$ (129,945,925)</u>
\$ 303,684	\$ 274,973	\$ 248,323	\$ 221,673	\$ 195,023	\$ 168,373
-	-	-	-	-	-
<u>395,069</u>	<u>673,328</u>	<u>818,802</u>	<u>808,814</u>	<u>888,136</u>	<u>870,039</u>
<u>\$ 698,753</u>	<u>\$ 948,301</u>	<u>\$ 1,067,125</u>	<u>\$ 1,030,487</u>	<u>\$ 1,083,159</u>	<u>\$ 1,038,412</u>
\$ (57,767,711)	\$ (71,444,305)	\$ (81,496,364)	\$ (97,202,109)	\$ (68,439,788)	\$ (82,173,867)
9,793,739	9,004,022	8,367,897	6,710,788	18,527,357	23,709,286
<u>(29,137,527)</u>	<u>(65,604,247)</u>	<u>(57,620,434)</u>	<u>(47,797,812)</u>	<u>(90,957,670)</u>	<u>(70,442,932)</u>
<u>\$ (77,111,499)</u>	<u>\$ (128,044,530)</u>	<u>\$ (130,748,901)</u>	<u>\$ (138,289,133)</u>	<u>\$ (140,870,101)</u>	<u>\$ (128,907,513)</u>

Rockwall Independent School District
Change in Net Position
Last Ten Fiscal Years (Unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses				
Governmental activities:				
Instruction	\$ 74,658,394	\$ 77,702,515	\$ 79,192,286	\$ 88,676,101
Instructional resources and media services	3,155,851	3,244,541	3,224,971	2,680,267
Curriculum and staff development services	2,282,918	2,287,128	2,486,061	4,844,851
Instructional leadership	868,334	1,270,122	1,343,145	1,401,004
School leadership	6,550,942	6,711,312	6,802,363	7,495,998
Guidance, counseling, & evaluation services	4,315,689	4,588,083	4,727,900	5,594,877
Social work services	272,740	201,715	214,704	284,546
Health services	1,667,256	1,748,698	1,764,320	1,970,855
Student transportation	3,803,881	3,894,882	4,027,627	3,860,682
Food service	6,119,653	6,225,510	6,202,018	6,851,672
Extracurricular activities	8,903,179	8,978,902	9,498,917	9,770,851
General administration	3,256,873	3,343,939	3,610,599	4,094,058
Plant maintenance and operations	11,440,704	11,783,768	10,935,114	11,282,806
Security and monitoring services	880,966	1,306,536	1,394,242	1,310,266
Data processing services	2,232,590	2,532,153	2,644,750	2,502,355
Community services	206,984	225,245	174,601	178,985
Debt Service-Interest on long-term debt	20,518,280	18,481,558	28,204,035	16,180,585
Debt Service-Bond issuance cost and fees	365,272	181,206	1,174,418	1,788,861
Facilities acquisition/construction	8,252	10,337	697	64,321
Payments to fiscal agent/Member districts of SSA	25,885	16,875	14,070	10,675
Other intergovernmental charges	645,043	676,270	729,845	808,556
Total governmental activities expenses	<u>\$ 152,179,686</u>	<u>\$ 155,411,295</u>	<u>\$ 168,366,683</u>	<u>\$ 171,653,172</u>
Business-type activities:				
Sports marketing	\$ 72,055	\$ 96,542	\$ 83,950	\$ 78,137
ROCK after school program	739,700	796,512	787,298	850,736
Total business-type activities expenses	<u>\$ 811,755</u>	<u>\$ 893,054</u>	<u>\$ 871,248</u>	<u>\$ 928,873</u>
Total primary government expenses	<u>\$ 152,991,441</u>	<u>\$ 156,304,349</u>	<u>\$ 169,237,931</u>	<u>\$ 172,582,045</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Instruction	\$ 1,391,176	\$ 1,417,173	\$ 1,439,325	\$ 1,587,130
Instructional resources and media services	68,628	101,306	58,124	91,875
School leadership	-	-	-	-
Guidance, counseling, & evaluation services	78,501	89,008	71,471	121,300
Health services	-	-	-	-
Food service	3,095,055	3,124,904	3,256,504	3,490,701
Extracurricular activities	1,593,132	1,717,539	1,876,387	1,894,080
General administration	-	-	-	-
Plant maintenance and operations	304,619	369,718	327,484	390,895
Community services	-	-	-	-
Payments to fiscal agent/Member districts of SSA	-	19,009	204,786	213,347
Operating grants and contributions	11,699,405	11,742,340	13,669,763	18,736,682
Capital grants and contributions	-	-	-	-
Total governmental activities revenues	<u>\$ 18,230,516</u>	<u>\$ 18,580,997</u>	<u>\$ 20,903,844</u>	<u>\$ 26,526,010</u>
Business-type activities:				
Charges for services:				
Sports marketing	\$ 180,016	\$ 194,536	\$ 195,030	\$ 200,736
ROCK after school program	958,631	966,794	1,071,809	1,376,338
Operating grants and contributions	-	-	-	-
Total business-type activities revenues	<u>\$ 1,138,647</u>	<u>\$ 1,161,330</u>	<u>\$ 1,266,839</u>	<u>\$ 1,577,074</u>
Total primary government revenues	<u>\$ 19,369,163</u>	<u>\$ 19,742,327</u>	<u>\$ 22,170,683</u>	<u>\$ 28,103,084</u>

	2017	2018	2019	2020	2021	2022
\$	90,046,691	\$ 65,749,750	\$ 104,671,459	\$ 115,233,902	\$ 112,786,648	\$ 111,136,997
	2,874,252	2,044,659	2,728,610	2,942,296	2,943,979	2,959,946
	5,141,772	3,111,212	4,880,358	5,199,215	5,306,457	5,731,664
	1,546,403	862,592	1,608,194	1,675,996	1,518,405	1,434,731
	8,151,606	5,462,115	9,351,608	10,048,791	9,953,368	9,496,099
	5,524,173	3,831,562	6,586,904	7,174,640	7,163,222	7,870,756
	309,443	247,534	336,844	379,523	368,686	344,973
	2,028,299	1,628,366	2,453,913	2,621,539	2,937,333	3,014,194
	4,012,447	4,304,754	6,081,847	6,139,932	6,216,349	6,772,142
	6,598,830	5,818,376	8,446,726	8,231,309	7,779,430	9,995,304
	10,328,331	10,140,062	12,121,460	12,707,493	12,259,535	12,869,998
	4,105,074	3,541,680	4,808,671	5,192,272	5,024,010	4,983,920
	11,701,515	11,532,875	13,256,624	13,510,457	16,163,409	16,378,726
	1,353,645	1,446,027	2,026,062	2,106,411	2,067,646	2,383,399
	2,358,619	2,149,542	2,737,805	3,355,035	3,376,780	3,346,870
	158,817	68,768	173,497	175,477	34,944	52,619
	20,286,770	21,918,457	23,504,464	24,200,402	17,963,597	19,766,741
	793,515	577,289	636,327	945,396	1,957,917	963,420
	24,827	7,240	2,716,289	452	-	-
	10,500	10,685	10,685	10,685	10,685	10,685
	861,757	969,650	988,400	1,173,117	1,457,451	1,543,542
\$	<u>178,217,286</u>	<u>\$ 145,423,195</u>	<u>\$ 210,126,747</u>	<u>\$ 223,024,340</u>	<u>\$ 217,289,851</u>	<u>\$ 221,056,726</u>
\$	93,672	\$ 93,672	\$ 78,994	\$ 76,268	\$ 94,930	\$ 128,479
	1,009,279	1,009,279	1,175,524	1,040,273	914,834	1,235,839
\$	<u>1,102,951</u>	<u>\$ 1,102,951</u>	<u>\$ 1,254,518</u>	<u>\$ 1,116,541</u>	<u>\$ 1,009,764</u>	<u>\$ 1,364,318</u>
\$	<u>179,320,237</u>	<u>\$ 146,526,146</u>	<u>\$ 211,381,265</u>	<u>\$ 224,140,881</u>	<u>\$ 218,299,615</u>	<u>\$ 222,421,044</u>
\$	1,476,383	\$ 1,460,547	\$ 1,713,627	\$ 1,476,803	\$ 1,396,117	\$ 2,324,421
	88,160	100,355	-	-	72,750	138,306
	-	-	-	-	-	-
	75,766	122,980	-	-	39,189	35,400
	-	-	-	-	-	-
	3,571,541	3,708,408	3,972,651	2,908,691	609,071	1,376,237
	1,976,250	2,102,485	686,820	754,436	1,256,692	1,999,804
	-	-	-	-	-	-
	472,214	435,344	600,672	495,007	190,889	419,831
	-	-	-	-	-	-
	272,093	245,312	-	-	-	-
	20,170,764	(2,577,669)	27,621,892	30,805,102	30,903,801	36,828,297
	-	-	-	-	-	-
\$	<u>28,103,171</u>	<u>\$ 5,597,762</u>	<u>\$ 34,595,662</u>	<u>\$ 36,440,039</u>	<u>\$ 34,468,509</u>	<u>\$ 43,122,296</u>
\$	224,645	\$ 207,905	\$ 214,259	\$ 180,167	\$ 118,725	\$ 195,645
	1,542,574	1,754,413	1,819,802	1,351,126	894,916	1,561,095
	-	47,361	39,281	48,610	48,795	62,831
\$	<u>1,767,219</u>	<u>\$ 2,009,679</u>	<u>\$ 2,073,342</u>	<u>\$ 1,579,903</u>	<u>\$ 1,062,436</u>	<u>\$ 1,819,571</u>
\$	<u>29,870,390</u>	<u>\$ 7,607,441</u>	<u>\$ 36,669,004</u>	<u>\$ 38,019,942</u>	<u>\$ 35,530,945</u>	<u>\$ 44,941,867</u>

Rockwall Independent School District
Change in Net Position
Last Ten Fiscal Years (Unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net (Expense)/Revenue				
Governmental activities	\$ (133,949,170)	\$ (136,830,298)	\$ (147,462,839)	\$ (145,127,162)
Business-type activities	326,892	268,276	395,591	648,201
Total primary government net expense	<u>\$ (133,622,278)</u>	<u>\$ (136,562,022)</u>	<u>\$ (147,067,248)</u>	<u>\$ (144,478,961)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes levied for general purposes	\$ 61,117,242	\$ 63,732,151	\$ 70,459,616	\$ 73,293,886
Property taxes levied for debt service	25,244,572	25,687,569	27,075,031	28,087,712
Unrestricted grants and contributions	37,081,797	37,915,078	35,432,517	35,265,553
Investment earnings	192,884	121,994	136,194	637,736
Miscellaneous	355,500	423,253	305,642	302,621
Transfers	400,000	400,000	400,000	690,000
Extraordinary item	-	-	-	-
Total governmental activities	<u>\$ 124,391,995</u>	<u>\$ 128,280,045</u>	<u>\$ 133,809,000</u>	<u>\$ 138,277,508</u>
Business-type activities:				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Transfers	(400,000)	(400,000)	(400,000)	(690,000)
Total business-type activities	<u>\$ (400,000)</u>	<u>\$ (400,000)</u>	<u>\$ (400,000)</u>	<u>\$ (690,000)</u>
Total primary government	<u>\$ 123,991,995</u>	<u>\$ 127,880,045</u>	<u>\$ 133,409,000</u>	<u>\$ 137,587,508</u>
Change in Net Position				
Governmental activities	\$ (9,557,175)	\$ (8,550,253)	\$ (13,653,839)	\$ (6,849,654)
Business-type activities	(73,108)	(131,724)	(4,409)	(41,799)
Prior period adjustments	-	-	(15,632,030)	-
Total primary government	<u>\$ (9,630,283)</u>	<u>\$ (8,681,977)</u>	<u>\$ (29,290,278)</u>	<u>\$ (6,891,453)</u>

2017	2018	2019	2020	2021	2022
\$ (150,114,115)	\$ (139,825,433)	\$ (175,531,085)	\$ 186,584,301	\$ 182,821,342	\$ (177,934,430)
664,268	699,548	818,824	(463,362)	(52,672)	455,253
<u>\$ (149,449,847)</u>	<u>\$ (139,125,885)</u>	<u>\$ (174,712,261)</u>	<u>\$ 186,120,939</u>	<u>\$ 182,768,670</u>	<u>\$ (177,479,177)</u>
\$ 80,649,718	\$ 89,793,446	\$ 99,698,785	\$ 100,007,173	\$ 105,275,649	\$ 108,299,858
32,693,419	34,506,581	37,319,539	39,147,665	41,354,245	44,238,964
33,757,591	31,800,777	27,798,408	34,247,168	32,250,801	36,344,762
2,059,475	3,516,819	4,914,450	3,229,622	449,496	671,785
1,502,813	3,749,425	2,276,708	1,949,079	500,549	491,011
350,000	450,000	700,000	500,000	-	500,000
-	-	-	-	356,962	(604,615)
<u>\$ 151,013,016</u>	<u>\$ 163,817,048</u>	<u>\$ 172,707,890</u>	<u>\$ 179,080,707</u>	<u>\$ 180,187,702</u>	<u>\$ 189,941,765</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(350,000)	(450,000)	(700,000)	(500,000)	-	(500,000)
<u>\$ (350,000)</u>	<u>\$ (450,000)</u>	<u>\$ (700,000)</u>	<u>\$ (500,000)</u>	<u>\$ -</u>	<u>\$ (500,000)</u>
<u>\$ 150,663,016</u>	<u>\$ 163,367,048</u>	<u>\$ 172,007,890</u>	<u>\$ 178,580,707</u>	<u>\$ 180,187,702</u>	<u>\$ 189,441,765</u>
\$ 898,901	\$ 23,991,615	\$ (2,823,195)	\$ (7,503,594)	\$ (2,633,640)	\$ 12,007,335
314,268	249,548	118,824	(36,638)	52,672	(44,747)
-	(75,174,194)	-	-	-	-
<u>\$ 1,213,169</u>	<u>\$ (50,933,031)</u>	<u>\$ (2,704,371)</u>	<u>\$ (7,540,232)</u>	<u>\$ (2,580,968)</u>	<u>\$ 11,962,588</u>

Rockwall Independent School District

Fund Balances Governmental Funds

Last Ten Fiscal Years (Unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund				
Nonspendable	\$ 215,173	\$ 43,817	\$ 151,395	\$ 75,609
Assigned	-	-	-	-
Unassigned	43,211,949	44,101,148	43,631,288	42,310,037
Total general fund	<u>\$ 43,427,122</u>	<u>\$ 44,144,965</u>	<u>\$ 43,782,683</u>	<u>\$ 42,385,646</u>
All Other Governmental Funds				
Nonspendable	\$ 67,903	\$ 69,360	\$ 64,974	\$ 77,403
Restricted:				
Debt service	16,507,851	15,542,918	16,479,717	19,708,768
Capital projects	10,915,593	7,775,968	7,190,061	128,001,391
Grant funds	1,193,480	1,628,736	2,025,670	2,416,165
Committed	1,298,923	1,650,596	1,991,413	1,941,883
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 29,983,750</u>	<u>\$ 26,667,578</u>	<u>\$ 27,751,835</u>	<u>\$ 152,145,610</u>
Total governmental funds	<u>\$ 73,410,872</u>	<u>\$ 70,812,543</u>	<u>\$ 71,534,518</u>	<u>\$ 194,531,256</u>

Source: The Balance Sheet Governmental Funds for Rockwall Independent School District

Exhibit S-3

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 104,988	\$ 95,516	\$ 156,600	\$ 240,748	\$ 218,168	\$ 182,747
1,105,086	2,026,174	-	2,071,317	16,100,000	18,000,000
<u>47,403,403</u>	<u>57,728,550</u>	<u>64,104,432</u>	<u>70,079,088</u>	<u>56,188,255</u>	<u>59,423,928</u>
<u>\$ 48,613,477</u>	<u>\$ 59,850,240</u>	<u>\$ 64,261,032</u>	<u>\$ 72,391,153</u>	<u>\$ 72,506,423</u>	<u>\$ 77,606,675</u>
\$ 75,309	\$ 72,337	\$ 392,603	\$ 237,816	\$ 34,457	\$ 15,843
21,158,984	21,315,445	22,454,985	23,488,570	22,817,771	26,794,577
146,499,880	78,220,677	79,244,742	40,780,330	18,803,903	101,284,118
2,617,700	2,987,173	2,340,780	1,787,295	1,927,917	4,141,791
1,881,037	1,864,722	1,931,213	1,857,284	1,608,211	1,866,131
-	-	(82,942)	(13,257)	-	-
<u>\$ 172,232,910</u>	<u>\$ 104,460,354</u>	<u>\$ 106,281,381</u>	<u>\$ 68,138,038</u>	<u>\$ 45,192,259</u>	<u>\$ 134,102,460</u>
<u>\$ 220,846,387</u>	<u>\$ 164,310,594</u>	<u>\$ 170,542,413</u>	<u>\$ 140,529,191</u>	<u>\$ 117,698,682</u>	<u>\$ 211,709,135</u>

Rockwall Independent School District

Governmental Funds – Revenues

Last Ten Fiscal Years (Unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Federal sources:				
Federal grants	\$ 3,816,715	\$ 3,893,869	\$ 3,970,128	\$ 4,292,186
Food service	2,424,305	2,491,514	2,456,549	2,692,735
Total federal sources	\$ 6,241,020	\$ 6,385,383	\$ 6,426,677	\$ 6,984,921
State sources:				
State grants and other	\$ 42,050,291	\$ 42,846,908	\$ 42,328,869	\$ 43,006,853
Food service	27,422	27,408	27,168	28,285
Debt service	-	-	-	628,696
Capital projects	-	-	-	-
Total state sources	\$ 42,077,713	\$ 42,874,316	\$ 42,356,037	\$ 43,663,834
Local sources:				
Local & intermediate sources	\$ 65,425,630	\$ 68,440,430	\$ 75,157,558	\$ 78,001,174
Food service	3,092,550	3,126,693	3,259,280	3,536,402
Debt service	25,382,160	25,810,097	27,130,748	28,129,502
Capital projects	32,517	9,345	15,536	281,244
Total local sources	\$ 93,932,857	\$ 97,386,565	\$ 105,563,122	\$ 109,948,322
Total revenues	\$ 142,251,590	\$ 146,646,264	\$ 154,345,836	\$ 160,597,077

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds
for Rockwall Independent School District

2017	2018	2019	2020	2021	2022
\$ 4,415,336	\$ 4,294,503	\$ 5,322,849	\$ 6,006,568	\$ 7,633,665	\$ 15,836,262
2,829,538	2,818,087	3,033,117	2,754,122	4,105,583	9,665,353
<u>\$ 7,244,874</u>	<u>\$ 7,112,590</u>	<u>\$ 8,355,966</u>	<u>\$ 8,760,690</u>	<u>\$ 11,739,248</u>	<u>\$ 25,501,615</u>
\$ 40,367,195	\$ 39,873,691	\$ 34,902,470	\$ 44,332,588	\$ 41,637,037	\$ 45,042,903
28,484	347	59,920	81,767	205,112	206,528
610,386	595,879	614,926	581,376	534,986	471,656
-	13,581	8,423	13,412	13,856	18,531
<u>\$ 41,006,065</u>	<u>\$ 40,483,498</u>	<u>\$ 35,585,739</u>	<u>\$ 45,009,143</u>	<u>\$ 42,390,991</u>	<u>\$ 45,739,618</u>
\$ 86,241,500	\$ 96,287,809	\$ 106,628,458	\$ 106,165,617	\$ 109,150,288	\$ 114,172,935
3,593,073	3,779,589	4,029,359	2,979,081	625,053	1,394,495
33,186,620	35,178,283	38,141,199	39,712,331	41,496,137	44,349,215
1,220,505	1,827,366	2,301,719	1,225,450	237,769	252,152
<u>\$ 124,241,698</u>	<u>\$ 137,073,047</u>	<u>\$ 151,100,735</u>	<u>\$ 150,082,479</u>	<u>\$ 151,509,247</u>	<u>\$ 160,168,797</u>
<u>\$ 172,492,637</u>	<u>\$ 184,669,135</u>	<u>\$ 195,042,440</u>	<u>\$ 203,852,312</u>	<u>\$ 205,639,486</u>	<u>\$ 231,410,030</u>

Rockwall Independent School District

Governmental Funds – Expenditures and Debt Service Ratio

Last Ten Fiscal Years (Unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenditures:				
Instruction & instruction-related services	\$ 70,996,930	\$ 73,552,037	\$ 76,364,214	\$ 83,321,198
Instructional & school leadership	7,237,889	7,781,038	8,082,268	8,358,646
Support services-Student	19,144,403	20,121,235	20,412,485	22,875,326
Administrative support services	3,217,020	3,302,817	3,642,972	3,985,426
Support services-Nonstudent	14,162,839	15,219,570	15,129,770	14,813,449
Ancillary services	207,056	225,281	179,798	166,822
Debt service-Principal on long-term debt	10,530,000	10,869,998	11,030,000	5,224,345
Debt service-Interest on long-term debt	14,763,951	15,723,826	14,982,666	20,124,784
Debt service-Bond issuance costs and fees	1,222,869	181,206	1,174,418	1,788,861
Facilities acquisition & construction	18,517,705	2,832,712	1,549,531	3,431,394
Intergovernmental charges	670,928	693,145	743,915	819,231
Total expenditures	\$ 160,671,590	\$ 150,502,865	\$ 153,292,037	\$ 164,909,482
Capital Expenditures	\$ 3,230,980	\$ 18,277,937	\$ 3,324,443	\$ 2,211,185
Debt service as a percentage of noncapital expenditures	16.1%	20.1%	17.3%	15.6%

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds for Rockwall Independent School District

2017	2018	2019	2020	2021	2022
\$ 84,285,956	\$ 92,851,022	\$ 95,708,536	\$ 96,384,729	\$ 100,250,260	\$ 106,033,448
8,795,655	8,650,331	9,613,529	9,810,094	10,282,138	10,731,900
22,784,840	26,045,410	27,066,897	25,457,192	28,149,794	32,870,624
3,849,717	4,118,901	4,350,570	4,611,778	4,666,837	5,026,884
15,815,529	17,238,592	19,208,426	22,117,168	24,997,685	25,081,846
155,894	149,566	162,278	164,734	38,954	52,619
8,173,739	6,856,296	7,630,810	7,914,757	9,882,285	9,460,134
23,964,241	27,600,263	29,778,861	31,146,789	32,622,604	31,187,683
793,515	1,577,289	636,327	945,396	1,957,917	963,420
53,728,052	59,421,542	37,068,426	35,375,915	36,414,205	8,099,348
872,257	980,335	999,085	1,183,802	1,468,136	1,554,227
<u>\$ 223,219,395</u>	<u>\$ 245,489,547</u>	<u>\$ 232,223,745</u>	<u>\$ 235,112,354</u>	<u>\$ 250,730,815</u>	<u>\$ 231,062,133</u>
\$ 4,653,579	\$ 58,243,437	\$ 47,563,258	\$ 42,576,142	\$ 45,224,874	\$ 14,378,339
14.7%	18.4%	20.3%	20.3%	20.7%	18.8%

Rockwall Independent School District

Governmental Funds – Other Financing Sources and Uses and Net Change in Fund Balances
Last Ten Fiscal Years (Unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Excess of revenues over (under) expenditures	\$ (18,420,000)	\$ (3,856,601)	\$ 1,053,799	\$ (4,312,405)
Other financing sources (uses)				
Capital-related debt issued (Regular bonds)	10,600,000	-	-	107,960,000
Capital-related debt issued (Refunding bonds)	81,564,998	-	89,568,204	32,193,467
Sale of real or personal property	59,162	166,743	-	8,000
Transfers in	623,805	820,838	545,858	1,017,000
Premium or discount on issuance of bonds	11,951,042	-	29,538,170	73,910,181
Insurance recoveries	776,947	691,529	-	-
Other resources	-	-	-	-
Transfers out	(223,805)	(420,838)	(145,858)	(327,000)
Payments to refunded bond escrow agents	(91,033,754)	-	(118,113,239)	(87,452,505)
Total other financing sources (uses)	<u>\$ 14,318,395</u>	<u>\$ 1,258,272</u>	<u>\$ 1,393,135</u>	<u>\$ 127,309,143</u>
Extraordinary item source (use)	\$ -	\$ -	\$ -	\$ -
Prior Period Adjustment	-	-	(1,724,959)	-
Net change in fund balances	<u>\$ (4,101,605)</u>	<u>\$ (2,598,329)</u>	<u>\$ 721,975</u>	<u>\$ 122,996,738</u>

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds
for Rockwall Independent School District

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ (50,726,758)	\$ (60,820,412)	\$ (37,181,305)	\$ (31,260,042)	\$ (45,091,329)	\$ 347,897
69,555,000	-	42,605,000	-	16,985,000	82,295,000
-	37,300,000	-	81,569,977	163,789,812	-
-	17,946	-	-	122,974	-
777,000	960,798	1,025,000	928,000	974,148	1,593,192
6,031,803	6,890,285	2,824,413	6,236,496	35,033,401	11,472,171
1,105,086	3,238,826	-	-	-	-
-	-	-	-	-	-
(427,000)	(349,098)	(325,000)	(428,000)	(974,148)	(1,093,192)
-	(43,774,138)	-	(87,059,653)	(194,027,329)	-
<u>\$ 77,041,889</u>	<u>\$ 4,284,619</u>	<u>\$ 46,129,413</u>	<u>\$ 1,246,820</u>	<u>\$ 21,903,858</u>	<u>\$ 94,267,171</u>
\$ -	\$ -	\$ (2,716,289)	\$ -	\$ 356,962	\$ (604,615)
-	-	-	-	-	-
<u>\$ 26,315,131</u>	<u>\$ (56,535,793)</u>	<u>\$ 6,231,819</u>	<u>\$ (30,013,222)</u>	<u>\$ (22,830,509)</u>	<u>\$ 94,010,453</u>

Rockwall Independent School District
 Assessed Value and Actual Value of Taxable Property
 Last Ten Fiscal Years (Unaudited)

Exhibit S-7

Fiscal Year	Actual Value					Less: Exemptions	Total Assessed Value	Total District Rate ¹
	Residential Property	Rural Acreage	Commercial & Industrial Property	Personal Property				
2013	5,559,724,362	265,702,610	989,006,917	441,405,307	499,932,274	6,755,906,922	1.470	
2014	5,603,556,270	268,302,006	1,099,946,944	496,375,802	494,922,973	6,973,258,049	1.460	
2015	6,144,345,132	279,373,579	1,307,608,819	563,984,541	538,498,734	7,756,813,337	1.440	
2016	6,863,905,015	291,273,716	1,310,240,781	518,112,283	746,506,730	8,237,025,065	1.440	
2017	7,750,555,890	291,428,149	1,402,117,931	578,178,886	985,253,301	9,037,027,555	1.465	
2018	8,867,036,664	333,548,372	1,467,043,510	693,889,006	1,253,079,794	10,108,437,758	1.440	
2019	9,826,995,523	336,533,198	1,579,065,284	662,199,355	1,232,889,477	11,171,903,883	1.430	
2020	10,472,436,628	349,711,035	1,690,288,956	729,504,546	1,239,450,426	12,002,490,739	1.350	
2021	11,317,470,413	357,309,871	1,880,916,013	799,328,232	1,300,444,306	13,054,580,223	1.310	
2022	12,258,473,011	340,013,396	1,932,879,411	819,527,362	1,402,160,890	13,948,732,290	1.274	

Source: Comptroller of Public Accounts-School District Summary Worksheet

Notes:

¹ Per \$100 of assessed value.



Rockwall

INDEPENDENT SCHOOL DISTRICT

Rockwall Independent School District
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years (Unaudited)

Fiscal Year	District Direct Rates			Overlapping Rates ¹			
	Maintenance and Operations	Debt Service	Total	City of Rockwall	Rockwall County	Collin County	Kaufman County
2013	1.040	0.430	1.470	0.503	0.396	0.238	0.557
2014	1.040	0.420	1.460	0.496	0.396	0.235	0.557
2015	1.040	0.400	1.440	0.485	0.396	0.225	0.576
2016	1.040	0.400	1.440	0.454	0.376	0.208	0.060
2017	1.040	0.425	1.465	0.424	0.350	0.192	0.589
2018	1.040	0.400	1.440	0.424	0.350	0.193	0.589
2019	1.040	0.390	1.430	0.402	0.328	0.181	0.479
2020	0.970	0.380	1.350	0.388	0.325	0.175	0.439
2021	0.940	0.370	1.310	0.370	0.313	0.173	0.505
2022	0.904	0.370	1.274	0.350	0.313	0.168	0.380

Source: Texas State Comptroller's Office and appropriate governmental entities' Tax Departments

Notes:

¹ Includes levies for operating and debt service costs.

Overlapping Rates ¹

City of Fate	City of Heath	City of McLendon-Chisholm	City of Rowlett	City of Wylie	City of Dallas	Rockwall County MUD #1
0.266	0.343	0.097	0.747	0.884	0.797	0.650
0.307	0.427	0.097	0.787	0.879	0.797	0.600
0.307	0.427	0.184	0.787	0.869	0.797	0.550
0.291	0.417	0.152	0.787	0.849	0.783	0.500
0.291	0.417	0.150	0.787	0.781	0.780	0.500
0.291	0.417	0.150	0.777	0.781	0.780	0.450
0.291	0.389	0.150	0.757	0.726	0.777	0.390
0.281	0.379	0.150	0.757	0.688	0.777	0.340
0.273	0.377	0.150	0.745	0.672	0.776	0.295
0.340	0.339	0.185	0.745	0.644	0.773	0.270

Rockwall Independent School District
Principal Property Taxpayers
Last Ten Fiscal Years (Unaudited)

Exhibit S-9

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ¹	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ²
Oncor Electric Delivery Company	\$ 78,244,300	1	0.6%	\$ 47,522,520	2	0.7%
Terra Lago Apartments, LLC	57,629,435	2	0.4%			
Star Hubbard LLC	57,386,230	3	0.4%			
Excel Rockwall, LLC	56,000,000	4	0.4%	54,672,420	1	0.8%
SWBC RW 2, LP	48,158,810	5	0.3%			
Rockwall Regional Hospital LLP	43,744,660	6	0.3%	31,535,610	4	0.5%
Capital Boulevard Venture LLC	38,346,750	7	0.3%			
Sapphire Bay Land Holdings LLC	37,212,580	8	0.3%			
Rockwall Crossing, LTD	36,436,040	9	0.3%	29,883,620	6	0.4%
Rockwall Dunhill, LLC	34,339,320	10	0.2%			
Western Rim Investors 2008 2 LP	-			45,812,720	3	0.7%
Bella Harbor Hotel Venture LLC	-			30,962,514	5	0.5%
Continental Pet Technology	-			25,802,292	7	0.4%
Lake Pointe Medical Center	-			25,398,550	8	0.4%
CRP/Arrow Rockwall LLC	-			23,482,240	9	0.3%
Walmart Real Estate	-			22,915,510	10	0.3%
	<u>\$ 487,498,125</u>		<u>3.5%</u>	<u>\$ 337,987,996</u>		<u>5.0%</u>

Source: Rockwall Central Appraisal District

Notes:

¹ Total appraised taxable value for 2022 = \$13,948,732,290

² Total appraised taxable value for 2013 = \$6,755,906,922

Rockwall Independent School District
Property Tax Levies and Collections
Last Ten Fiscal Years (Unaudited)

Exhibit S-10

Fiscal Year	Taxes Levied ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date ²	
		Amount	Percentage of Levy		Amount	Percentage of Total Collections to Tax Levy
2013	85,740,844	85,468,201	99.68%	70	85,468,271	99.68%
2014	88,736,003	88,400,091	99.62%	69,757	88,469,848	99.70%
2015	96,868,624	96,479,610	99.60%	17	96,479,627	99.60%
2016	100,657,685	99,101,569	98.45%	51,740	99,153,309	98.51%
2017	112,771,125	111,064,117	98.49%	40,814	111,104,931	98.52%
2018	123,576,662	122,108,305	98.81%	88,969	122,197,274	98.88%
2019	135,743,327	133,889,948	98.63%	124,002	134,013,950	98.73%
2020	137,975,005	136,184,718	98.70%	64,337	136,249,055	98.75%
2021	145,663,540	144,016,336	98.87%	64,766	144,081,102	98.91%
2022	151,511,841	149,806,580	98.87%	195,446	150,002,026	99.00%

Source: Rockwall Central Appraisal District

Notes:

¹ The tax levy reflects the original levy, net of any supplements occurring during the year.

² Total collections, net of penalties and interest and other judgements, may result in collections that exceed 100% of original levy.

Rockwall Independent School District
Outstanding Debt by Type
Last Ten Fiscal Years (Unaudited)

Exhibit S-11

<u>Governmental Activities</u>									
Fiscal Year	General Obligation Bonds	Loans Payable	Total Primary Government	Resources Restricted for Debt Service	Net Bonded Debt Outstanding	Ratio of Debt to Assessed Value ²	Debt per ADA ³	Per Capita ⁴	Percentage of Personal Income ⁴
2013	419,374,625	-	419,374,625	9,222,334	410,152,291	6.07%	28,564	6,268	16.64%
2014	424,353,183	-	424,353,183	10,483,582	413,869,601	5.94%	28,297	6,160	16.22%
2015	431,284,120	-	431,284,120	4,603,778	426,680,342	5.50%	28,461	6,192	16.49%
2016	547,581,172	-	547,581,172	7,882,255	539,698,917	6.55%	34,905	7,597	19.50%
2017	608,932,139	-	608,932,139	7,176,039	601,756,100	6.66%	38,021	8,284	21.36%
2018	594,680,236	-	594,680,236	6,016,849	588,663,387	5.82%	36,125	7,927	19.83%
2019	623,506,456	-	623,506,456	6,027,117	617,479,339	5.53%	37,227	8,169	19.77%
2020	605,275,422	-	605,275,422	4,923,493	600,351,929	5.00%	35,300	7,806	18.21%
2021	614,914,400	-	614,914,400	3,429,574	611,484,826	4.68%	35,997	7,771	17.56%
2022	685,450,323	-	685,450,323	8,506,064	676,944,259	4.85%	37,763	7,257	11.17%

Notes:

- ¹ Details of the District's outstanding debt can be found in the notes to the financial statements.
- ² Refer to Exhibit S-7 for assessed value data.
- ³ Refer to Exhibit S-17 for student enrollment data.
- ⁴ Refer to Exhibit S-14 for Per Capita personal income information.

Rockwall Independent School District
 Direct and Overlapping Governmental Activities Debt
 Last Ten Fiscal Years (Unaudited)

Exhibit S-12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Direct and Overlapping Debt
City of Rockwall	\$ 68,444,630	100.00%	\$ 68,444,630
Rockwall County	124,280,292	84.54%	105,066,559
Collin County	474,476,708	0.00%	-
Collin County CCD	504,697,667	0.00%	-
Kaufman County	149,848,357	1.70%	2,547,422
City of Fate	22,069,822	52.91%	11,677,143
City of Heath	21,514,833	100.00%	21,514,833
City of McLendon-Chisholm	1,370,000	100.00%	1,370,000
City of Rowlett	98,522,763	13.55%	13,349,834
City of Garland	283,561,247	0.00%	-
City of Dallas	2,091,557,719	0.01%	209,156
Rockwall County MUD #1	8,038,457	63.41%	5,097,186
Rockwall County MUD #8	7,294,049	74.66%	5,445,737
Subtotal, overlapping bonded debt			\$ 234,722,500
Rockwall Independent School District debt outstanding			\$ 685,450,323
Total direct and overlapping debt			\$ 920,172,823
Ratio of (net) general bonded debt to the estimated actual property value			4.91%

Source: The Municipal Advisory of Texas (Texas MAC)

Notes:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Rockwall Independent School District
 Demographic and Economic Statistics
 Last Ten Fiscal Years (Unaudited)

Exhibit S-13

Period Ending	Population ¹	Personal Income ² (thousands of dollars)	Per Capita Personal Income (dollars)	Unemployment Rate ³
2013	65,438	2,464,978	37,669	6.40%
2014	67,186	2,551,412	37,975	4.90%
2015	68,911	2,587,159	37,543	4.10%
2016	71,041	2,767,682	38,959	3.90%
2017	72,641	2,817,729	38,790	3.70%
2018	74,260	2,969,265	39,985	3.50%
2019	75,584	3,123,252	41,322	3.20%
2020	76,907	3,297,288	42,874	7.30%
2021	78,689	3,482,763	44,260	5.40%
2022	93,287	6,058,338	64,943	3.40%

Sources:

¹ Information obtained from the Texas Municipal Report - Population

² Information obtained from the NCTGOV and City of Rockwall and City of Heath ACFR

³ Unemployment rate obtained from the Bureau of Labor and Statistics

Rockwall Independent School District
Principal Employers
Last Ten Fiscal Years (Unaudited)

Exhibit S-14

Employer	2022			2013		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Rockwall ISD	1,944	1	3.27%	1,556	1	3.92%
Lake Pointe Hospital	750	2	1.26%	700	2	1.76%
L-3 Communications	700	3	1.18%			
Texas Health Presbyterian Hospital	611	4	1.03%	592	3	1.49%
Pegasus Foods	480	5	0.81%			
Channell Commercial	460	6	0.77%			
Rockwall County	385	7	0.65%	299	5	0.75%
City of Rockwall	353	8	0.59%	266	7	0.67%
Walmart Superstore	350	9	0.59%	450	4	1.13%
Texas Star Express/Epes Transport	275	10	0.46%	275	6	0.69%
Special Products & Manufacturing				205	8	0.52%
Target				200	9	0.50%
Rockwall Nursing Home				160	10	0.40%
Total	6,308		10.61%	4,703		11.83%

Sources:

Bureau of Labor Statistics - FRED Economic Data provided total labor force numbers - 2022 (59,535); 2013 (39,729)
Rockwall Economic Development Corporation provided Principal Employers

Note:

¹ Information not available.

Rockwall Independent School District
 Full-Time-Equivalent District Employees by Type
 Last Ten Fiscal Years (Unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Teachers	883.7	902.3	919.3
Professional Support			
Corrective Therapist	2.0	2.0	2.0
Counselor	28.8	30.0	31.8
Educational Diagnostician	12.0	13.0	13.0
Librarian	15.8	18.0	18.0
Occupational Therapist	4.6	4.6	4.6
Certified Orientation & Mobility Specialist	3.0	3.0	3.0
Physical Therapist	1.9	1.9	1.9
Recreational Therapist	1.0	1.0	1.0
School Nurse	16.9	18.0	18.0
LSSP/Psychologist	3.0	4.0	5.0
Social Worker			1.0
Speech Therapist/Speech-Language Pathologist	15.3	17.2	17.9
Truant Officer/Visiting Teacher			
Teacher Facilitator	6.0	4.3	4.3
Department Head	15.3	12.7	13.3
Athletic Trainer	2.0	2.0	2.5
Other Campus Professional Personnel	14.0	17.0	19.0
Other Non-Campus Professional Personnel	25.9	33.6	33.9
Total Professional Support	<u>167.5</u>	<u>182.3</u>	<u>190.2</u>
Campus Administration			
Assistant Principal	28.0	29.1	24.0
District Instructional Program Director or Executive Director	0.0	1.0	1.0
Principal	18.0	18.0	18.0
Athletic Director	1.3	1.0	1.8
Total Campus Administration	<u>47.3</u>	<u>49.1</u>	<u>44.8</u>
Central Administration			
Assistant/Assoc/Deputy Superintendent	4.0	3.0	5.0
District Instructional Program Director or Executive Director	20.3	20.3	22.0
Superintendent/Chief Administrative Officer/ CEO/President	1.0	1.0	1.0
Athletic Director	0.3	1.0	1.0
Business Manager	1.0	1.0	1.0
Director of Personnel/HR	1.0	2.0	2.0
Total Central Administration	<u>27.6</u>	<u>28.3</u>	<u>32.0</u>
Other District Professional Support	0.0	0.0	0.0
Educational Aides	120.0	80.1	69.7
Auxiliary Staff	291.9	280.2	290.5
Total All Full-Time Equivalent Employees	<u><u>1,538.0</u></u>	<u><u>1,522.3</u></u>	<u><u>1,546.5</u></u>

Source: Fall Public Education Information Management System (PEIMS) Submissions with full-time equivalent employees

2016	2017	2018	2019	2020	2021	2022
942.3	957.7	971.8	1,013.9	1014.8	1,043.2	1,079.9
4.0	4.0	3.4	4.0	3	2.5	3.0
21.3	32.5	33.5	34.5	34.1	35.1	38.2
13.0	16.0	15.2	17.0	16	17.0	19.0
17.1	17.1	15.4	14.7	16	19.0	19.6
5.1	5.5	5.5	5.5	6	6.0	7.0
3.0	3.0	2.0	2.0	3	4.0	2.0
1.0	1.0	2.0	2.0	2	2.0	2.0
1.0	1.0	1.0	0.0	1	1.0	1.0
18.0	17.8	19.5	20.5	21	24.9	26.6
2.0	4.0	5.6	5.6	5	5.5	5.0
1.0	1.0	1.0	1.0	1	1.0	1.0
17.1	16.3	18.1	19.0	18.5	20.5	22.5
2.9	3.0	34.0	32.4	33.9	38.9	33.7
11.8	16.4	7.8	9.5	11.2	10.4	10.1
2.9	3.9	2.7	2.3	2	2.0	3.8
20.3	32.1	0.0	8.0	7.5	11.0	21.4
56.0	58.2	0.0	40.5	44	44.0	50.0
197.5	232.8	166.7	218.5	225.2	244.8	265.9
28.0	26.0	29.0	32.2	33	34.2	33.8
0.0	0.0	0.0	0.0	0	0.0	0.0
19.0	18.4	20.0	21.0	21	22.0	21.8
1.0	0.0	1.0	1.0	1.7	1.5	1.5
48.0	44.4	50.0	54.2	55.7	57.7	57.1
3.9	4.0	6.0	5.0	8	7.0	6.0
7.0	5.0	4.0	8.0	7	8.0	9.0
1.0	1.0	1.0	1.0	1	1.0	1.0
1.0	1.0	1.0	1.0	1	1.0	1.0
	0.0	1.0	1.0	1	1.0	2.0
1.0	1.0	2.0	1.0	1	1.0	1.0
13.9	12.0	15.0	17.0	19.0	19.0	20.0
0.0	0.0	42.4	0.0	0.0	0.0	0.0
129.7	140.2	147.5	154.9	154.9	163.5	176.5
311.3	429.8	446.0	462.2	452.8	456.4	472.6
1,642.7	1,816.9	1,839.4	1,920.7	1,922.4	1,984.6	2,072.0

Rockwall Independent School District
 Operating Statistics
 Last Ten Fiscal Years (Unaudited)

Exhibit S-16

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2013	14,359	103,263,322	7,192	(1.50)%	883.7	16.2	25.7%
2014	14,626	108,518,467	7,420	3.17 %	902.3	16.2	25.0%
2015	14,992	112,304,132	7,491	0.96 %	919.3	16.3	24.8%
2016	15,462	118,503,730	7,664	2.31 %	942.3	16.4	24.6%
2017	15,827	118,941,863	7,515	(1.94)%	957.7	16.5	24.2%
2018	16,295	122,957,397	7,546	0.41 %	971.8	16.8	24.2%
2019	16,587	132,252,608	7,973	5.67 %	1,013.9	16.4	24.2%
2020	17,007	140,576,661	8,266	3.67 %	1,014.8	16.8	25.7%
2021	16,987	147,807,730	8,701	5.27 %	1,043.2	16.3	24.2%
2022	17,926	155,461,673	8,672	(0.33)%	1,079.9	16.6	18.1%

Source: PEIMS, AEIS, and District records

Rockwall Independent School District

Teacher Base Salaries

Last Ten Fiscal Years (Unaudited)

Exhibit S-17

<u>Fiscal Year</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>	<u>District Average Salary</u>	<u>Statewide Average Salary</u>
2013	46,050	64,270	50,948	48,821
2014	46,700	65,381	51,437	49,692
2015	47,540	66,555	52,433	50,715
2016	49,000	71,197	54,004	51,891
2017	50,000	71,769	54,379	52,525
2018	50,900	73,521	55,394	53,334
2019	51,800	74,785	56,344	54,122
2020	52,700	76,885	58,065	57,091
2021	53,500	76,885	57,349	57,641
2022	54,400	78,085	58,145	- ¹

Source: TEA reports and District records**Notes:**¹ Information not available.

Rockwall Independent School District

School Building Information

Last Ten Fiscal Years (Unaudited)

Schools	2013	2014	2015	2016
Elementary				
Buildings	13	13	13	13
Square feet	984,882	984,882	984,882	984,882
Enrollment	7,462	7,458	7,639	7,908
Middle				
Buildings	3	3	3	3
Square feet	492,352	492,352	492,352	492,352
Enrollment	2,324	2,380	2,427	2,429
High				
Buildings	2	2	2	2
Square feet	900,966	900,966	900,966	900,966
Enrollment	4,300	4,406	4,568	4,736
Early Childhood Schools				
Buildings	1	1	1	1
Square feet	10,680	10,680	10,680	10,680
Enrollment	273	382	358	389
Total Schools				
Buildings	19	19	19	19
Square feet	2,388,880	2,388,880	2,388,880	2,388,880
Enrollment	14,359	14,626	14,992	15,462
Other RISD Facilities:				
Other Educational Facilities				
Buildings	3	3	3	3
Square feet	55,603	55,603	55,603	55,603
Administrative				
Buildings	1	1	1	1
Square feet	94,132	94,132	94,132	94,132
Facilities Services				
Buildings	3	3	3	3
Square feet	42,790	42,790	42,790	42,790
Athletics				
Stadiums	2	2	2	2
Aquatic Center	1	1	1	1
Running tracks	5	5	5	5
Tennis Courts	3	3	3	3
Softball Fields	2	2	2	2
Baseball Fields	2	2	2	2
Indoor Athletic Fields	2	2	2	2

Source: PEIMS, AEIS, and District records

2017	2018	2019	2020	2021	2022
13	14	14	14	15	16
984,882	1,076,882	1,174,125	1,207,249	1,299,241	1,391,234
7,981	8,151	8,250	8,735	8,554	9,231
3	3	3	3	3	3
492,352	492,352	492,352	492,352	492,352	492,352
2,529	2,678	2,716	2,784	2,751	2,764
2	2	3	3	3	3
900,966	900,966	1,052,426	1,052,426	1,052,426	1,052,426
4,918	5,058	5,209	5,353	5,546	5,797
1	1	1	1	1	1
10,680	10,680	10,680	10,680	10,680	10,680
394	408	412	135	136	134
19	19	21	21	22	23
2,388,880	2,480,880	2,729,583	2,762,707	2,854,699	2,946,692
15,822	16,295	16,587	16,587	16,987	17,926
3	3	3	3	3	3
55,603	55,603	55,603	55,603	55,603	55,603
1	1	1	1	1	1
94,132	94,132	94,132	94,132	94,132	94,132
3	3	3	3	3	3
42,790	42,790	42,790	42,790	42,790	42,790
5	5	5	5	5	5
1	1	1	1	1	1
5	5	5	5	5	5
3	5	5	5	5	5
2	2	2	2	2	2
2	2	2	2	2	2
2	2	2	2	2	2



Rockwall

INDEPENDENT SCHOOL DISTRICT

Overall Compliance and Internal Controls Section



Rockwall

INDEPENDENT SCHOOL DISTRICT

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Rockwall Independent School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rockwall Independent School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 12, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Weaver and Tidwell, L.L.P.
2300 North Field Street, Suite 1000 / Dallas, Texas 75201
Main: 972.490.1970

To the Board of Trustees
Rockwall Independent School District

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
October 12, 2022

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

To the Board of Trustees
Rockwall Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rockwall Independent School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

Weaver and Tidwell, L.L.P.
2300 North Field Street, Suite 1000 / Dallas, Texas 75201
Main: 972.490.1970

To the Board of Trustees
Rockwall Independent School District

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

To the Board of Trustees
Rockwall Independent School District

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
October 12, 2022

Rockwall Independent School District
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2022

Section I. Summary of Auditor's Results:

Financial Statements

- a. An unmodified opinion was issued on the financial statements.
- b. Internal control over financial reporting:
 - Material weakness(es) identified? No
 - Significant deficiency(ies) identified that are not considered a material weakness? None Reported
- c. Noncompliance material to financial statements noted? No

Federal Awards

- d. Internal control over major programs:
 - Material weakness(es) identified? No
 - Significant deficiency(ies) identified that are not considered a material weakness? None Reported
- e. An unmodified opinion was issued on compliance for major programs.
- f. Any audit findings disclosed that were required to be reported in accordance with 2 CFR 200.516(a)? No

g. Identification of major federal programs:

<u>Program Title</u>	<u>Assistance Listing Numbers</u>
COVID-19 ESSER II – CRRSA	84.425D
COVID-19 ESSER III – ARP	84.425U
COVID-19 ESSER III – ARP Supplemental	84.425U
Carl D. Perkins Formula Grant	84.048A
CTE Perkins Reserve	84.048A

- h. The dollar threshold used to distinguish between Type A and Type B programs: \$750,000
- i. Auditee qualified as a low-risk auditee? Yes

Rockwall Independent School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section 2. Financial Statement Findings:

None

Section 3. Federal Awards Findings:

None

Section 4. Prior Year Findings and Questioned Costs:

None

Rockwall Independent School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

Exhibit K-1

(1) Federal Grantor Pass-Through Grantor/ Program Title	(2) Federal Assistance Listing	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
FEDERAL COMMUNICATIONS COMMISSION:			
Direct Program:			
Emergency Connectivity Fund Program - noncash assistance	32.009	ECF2190006721	\$ 545,645
Emergency Connectivity Fund Program - noncash assistance	32.009	ECF2190006725	66,000
Emergency Connectivity Fund Program - noncash assistance	32.009	ECF2190029545	<u>74,440</u>
TOTAL FEDERAL COMMUNICATIONS COMMISSION			<u>686,085</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Education Service Center, Region X:			
Head Start	93.600	06CH0392	<u>257,031</u>
Total passed through Education Service Center, Region X			257,031
Direct Program:			
Medicaid Cluster:			
Medicare Administrative Claiming (MAC)	93.778	199-901	<u>34,058</u>
Total Medicaid Cluster			<u>34,058</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>291,089</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through Texas Department of Education:			
ESEA Title I, Part A- Improving Basic Programs	84.010A	22610101199901	1,088,850
Special Education Cluster (IDEA):			
IDEA- Part B, Formula	84.027A	226600011999016600	2,939,475
IDEA- Part B, Formula - ARP	84.027A	225350011999015350	165,477
IDEA- Part B, Preschool	84.173A	226610011999016610	18,338
IDEA- Part B, Preschool - ARP	84.173A	225360011999015360	<u>28,157</u>
Total Special Education Cluster			3,151,447
Carl D. Perkins Basic Formula Grant	84.048A	22420006199901	119,371
CTE Perkins Reserve	84.048A	51271901	<u>767,995</u>
Total Assistance Listing 84.048A *			887,366
ESEA Title III, Part A, LEP	84.365A	22671001057950	126,392
ESEA Title III, Part A, Immigrant	84.365A	22671003057950	10,887
ESEA Title II, Part A, Teacher Principal Training	84.367	22694501199901	264,976
COVID-19 ESSER II - CRRSA	84.425D	21521001199901	1,610,290
COVID-19 ESSER III - ARP	84.425U	21528001199901	4,195,674
COVID-19 ESSER III - ARP (Supplemental)	84.425U	21528043199901	<u>1,632,218</u>
Total Assistance Listing 84.425D/84.425U *			7,438,182
COVID-19 School Health Support	N/A	N/A	373,448
Title IV, Part A, Subpart 1	84.424A	22680101199901	70,803
LEP Summer School	84.369A	69552002	<u>4,424</u>
Total passed through Texas Department of Education			<u>13,416,775</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>13,416,775</u>
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
Passed through Texas Department of Agriculture:			
Commodity Supplemental Food Program - Noncash assistance	10.555	806780706	598,171
Passed through Texas Department of Education:			
National School Breakfast Program	10.553	71400701	1,355,053
National School Lunch Program	10.555	71300701	7,694,537
Summer Food Service Program	10.559	71300701	<u>17,592</u>
Total Child Nutrition Cluster			<u>9,665,353</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>9,665,353</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 24,059,302</u>

* Denotes Major Federal Program

Rockwall Independent School District
 Notes to Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended June 30, 2022

1. The District utilizes the funds specified in the Texas Education Agency Resource Guide.

Special Revenue Funds – are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes by a grantor. Federal and state awards generally are accounted for in the general fund and in special revenue funds. Generally, unused balances are returned to the grantor at the close of specified project periods.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the general fund and special revenue funds, which are governmental funds. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases or decreases in net current assets.

The modified accrual basis of accounting is used for the governmental funds. Accordingly, the schedule of expenditures of federal awards was prepared under this basis of accounting, which requires that revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., both measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for interest on long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as unearned revenues until earned.

3. The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, 2 CFR 200 Uniform Guidance.
4. The following table reconciles total expenditures per the schedule of expenditures of federal awards (Exhibit K-1) to the federal program revenues per Exhibit C-2:

Total expenditures of federal awards per Exhibit K-1	\$ 24,059,302
SHARS revenue	1,442,313
	<hr/>
Total federal programs revenue per Exhibit C-2	\$ 25,501,615
	<hr/> <hr/>

5. The District has elected not to use the 10% de minimis indirect cost rate.
6. The Schedule of Expenditures of Federal Awards (SEFA) includes \$1,887,894 of pre-award costs that were expended in a prior fiscal year, but were awarded for federal reimbursement under ESSER II – CRRSA in fiscal year 2022. These expenditures are reflected in the SEFA in fiscal year 2022, the year they were deemed federal expenditures.

Rockwall Independent School District
 Schedule of Required Responses to Selected
 School FIRST Indicators (Unaudited)
 For the Fiscal Year Ended June 30, 2022

Data Control Codes		Response
SF1	Was there an unmodified opinion in the Annual Comprehensive Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Comprehensive Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Comprehensive Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Comprehensive Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code, and other statutes, laws and rules that were in effect at the school district's fiscal year-end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year-end:	\$ 65,564,431